UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: **001-32312**

Novelis Inc.

(Exact name of registrant as specified in its charter)

Canada	**98-0442987**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3550 Peachtree Road NE, Suite 1100 **Atlanta, GA**	**30326**
(Address of principal executive offices)	(Zip Code)

(404) 760-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ¨ No ☒

The registrant is a voluntary filer and is not subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. However, the registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	☒	Smaller reporting company	¨
		Emerging growth company	¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of August 2, 2023, the registrant had 1,000 shares of common stock, no par value, outstanding. All of the registrant's outstanding shares were held indirectly by Hindalco Industries Ltd., the registrant's parent company.

TABLE OF CONTENTS

COMMONLY USED OR DEFINED TERMS

Term	Definition
Adjusted EBITDA	As defined in Note 15 – Segment, Geographical Area, Major Customer and Major Supplier Information
Aleris	Aleris Corporation
AluInfra	AluInfra Services
Alunorf	Aluminium Norf GmbH
ASC	FASB Accounting Standards Codification
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
fiscal 2016	Fiscal year ended March 31, 2016
fiscal 2020	Fiscal year ended March 31, 2020
fiscal 2021	Fiscal year ended March 31, 2021
fiscal 2022	Fiscal year ended March 31, 2022
fiscal 2023	Fiscal year ended March 31, 2023
fiscal 2024	Fiscal year ending March 31, 2024
fiscal 2026	Fiscal year ending March 31, 2026
Form 10-Q	Quarterly Report on Form 10-Q
FRP	Flat-rolled products
GAAP	Generally Accepted Accounting Principles
Kobe	Kobe Steel, Ltd.
kt	kilotonne (One kt is 1,000 metric tonnes.)
LME	The London Metals Exchange
LMP	Local market premium
Logan	Logan Aluminum Inc.
MMBtu	One decatherm or 1 million British Thermal Units
OEM	Original equipment manufacturer
RSUs	Restricted stock units
SARs	Stock appreciation rights
SEC	United States Securities and Exchange Commission
SG&A	Selling, general and administrative expenses
Tri-Arrows	Tri-Arrows Aluminum Inc.
UAL	Ulsan Aluminum Ltd.
UBC	Used beverage can
U.S.	United States
U.K.	United Kingdom
VIE	Variable interest entity
2023 Form 10-K	Our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, as filed with the SEC on May 10, 2023

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited).

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Net sales	$ 4,091	$ 5,089
Cost of goods sold (exclusive of depreciation and amortization)	3,501	4,265
Selling, general and administrative expenses	174	164
Depreciation and amortization	131	138
Interest expense and amortization of debt issuance costs	77	58
Research and development expenses	25	23
Restructuring and impairment expenses, net	3	1
Equity in net income of non-consolidated affiliates	(3)	(4)
Other (income) expenses, net	(27)	50
	3,881	4,695
Income from continuing operations before income tax provision	210	394
Income tax provision	54	87
Net income from continuing operations	156	307
Loss from discontinued operations, net of tax	—	(1)
Net income	156	306
Net loss attributable to noncontrolling interests	—	(1)
Net income attributable to our common shareholder	$ 156	$ 307

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)

	Three Months Ended June 30,	
in millions	2023	2022
Net income	$ 156	$ 306
Other comprehensive income:		
Currency translation adjustment	(16)	(173)
Net change in fair value of effective portion of cash flow hedges	167	913
Net change in pension and other benefits	(4)	9
Other comprehensive income before income tax effect	147	749
Income tax provision related to items of other comprehensive income	42	234
Other comprehensive income, net of tax	105	515
Comprehensive income	261	821
Comprehensive loss attributable to noncontrolling interests, net of tax	—	(1)
Comprehensive income attributable to our common shareholder	$ 261	$ 822

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

in millions, except number of shares	June 30, 2023	March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,041	$ 1,498
Accounts receivable, net		
— third parties (net of allowance for credit losses of $7 and $5 as of June 30, 2023, and March 31, 2023, respectively)	1,949	1,751
— related parties	156	156
Inventories	2,876	2,729
Prepaid expenses and other current assets	189	178
Fair value of derivative instruments	336	145
Assets held for sale	3	3
Total current assets	6,550	6,460
Property, plant and equipment, net	5,050	4,900
Goodwill	1,074	1,076
Intangible assets, net	582	589
Investment in and advances to non-consolidated affiliates	887	877
Deferred income tax assets	153	166
Other long-term assets		
— third parties	289	293
— related parties	2	3
Total assets	$ 14,587	$ 14,364
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 57	$ 88
Short-term borrowings	601	671
Accounts payable		
— third parties	3,179	3,100
— related parties	283	277
Fair value of derivative instruments	133	130
Accrued expenses and other current liabilities	562	633
Total current liabilities	4,815	4,899
Long-term debt, net of current portion	4,878	4,881
Deferred income tax liabilities	345	288
Accrued postretirement benefits	547	554
Other long-term liabilities	287	288
Total liabilities	10,872	10,910
Commitments and contingencies		
Shareholder's equity:		
Common stock, no par value; Unlimited number of shares authorized; 1,000 shares issued and outstanding as of June 30, 2023, and March 31, 2023	—	—
Additional paid-in capital	1,208	1,208
Retained earnings	2,628	2,472
Accumulated other comprehensive loss	(133)	(238)
Total equity of our common shareholder	3,703	3,442
Noncontrolling interests	12	12
Total equity	3,715	3,454
Total liabilities and equity	$ 14,587	$ 14,364

See accompanying notes to the condensed consolidated financial statements. Refer to Note 3 – Consolidation for information on our consolidated VIE.

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
OPERATING ACTIVITIES		
Net income	$ 156	$ 306
Net loss from discontinued operations	—	(1)
Net income from continuing operations	$ 156	$ 307
Adjustments to determine net cash provided by operating activities:		
Depreciation and amortization	131	138
Gain on unrealized derivatives and other realized derivatives in investing activities, net	(31)	(18)
Loss on sale of assets, net	—	1
Deferred income taxes, net	25	12
Equity in net income of non-consolidated affiliates	(3)	(4)
Loss (gain) on foreign exchange remeasurement of debt	1	(11)
Amortization of debt issuance costs and carrying value adjustments	4	4
Other, net	1	1
Changes in assets and liabilities including assets and liabilities held for sale (net of effects from divestitures):		
Accounts receivable	(200)	(97)
Inventories	(155)	(510)
Accounts payable	125	135
Other assets	(6)	7
Other liabilities	(80)	79
Net cash (used in) provided by operating activities – continuing operations	(32)	44
Net cash used in operating activities – discontinued operations	—	(1)
Net cash (used in) provided by operating activities	$ (32)	$ 43
INVESTING ACTIVITIES		
Capital expenditures	$ (333)	$ (110)
Acquisition of business and other investments, net of cash acquired	—	(4)
Proceeds (outflows) from investment in and advances to non-consolidated affiliates, net	6	(9)
Proceeds (outflows) from the settlement of derivative instruments, net	6	(3)
Other	4	6
Net cash used in investing activities - continuing operations	(317)	(120)
Net cash used in investing activities	$ (317)	$ (120)
FINANCING ACTIVITIES		
Proceeds from issuance of long-term and short-term borrowings	$ 50	$ —
Principal payments of long-term and short-term borrowings	(35)	(107)
Revolving credit facilities and other, net	(115)	183
Net cash (used in) provided by financing activities - continuing operations	(100)	76
Net cash (used in) provided by financing activities	$ (100)	$ 76
Net decrease in cash, cash equivalents and restricted cash	(449)	(1)
Effect of exchange rate changes on cash	(8)	(33)
Cash, cash equivalents and restricted cash – beginning of period	1,511	1,084
Cash, cash equivalents and restricted cash – end of period	$ 1,054	$ 1,050
Cash and cash equivalents	$ 1,041	$ 1,037
Restricted cash (included in other long-term assets)	13	13
Cash, cash equivalents and restricted cash – end of period	$ 1,054	$ 1,050
Supplemental Disclosures:		
Accrued capital expenditures as of June 30	$ 126	$ 62
Leased assets obtained in exchange for new operating lease liabilities	—	26

See accompanying notes to the condensed consolidated financial statements.

Novelis Inc.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY (unaudited)

	Equity of our Common Shareholder						
	Common Stock						
in millions, except number of shares	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance as of March 31, 2022	1,000	$ —	$ 1,308	$ 1,814	$ (620)	$ 7	$ 2,509
Net income attributable to our common shareholder	—	—	—	307	—	—	307
Net loss attributable to noncontrolling interests	—	—	—	—	—	(1)	(1)
Currency translation adjustment included in other comprehensive income	—	—	—	—	(173)	—	(173)
Change in fair value of effective portion of cash flow hedges, net of tax provision of $232 included in other comprehensive income	—	—	—	—	681	—	681
Change in pension and other benefits, net of tax provision of $2 included in other comprehensive income	—	—	—	—	7	—	7
Return of capital to our common shareholder	—	—	—	—	—	—	—
Balance as of June 30, 2022	1,000	$ —	$ 1,308	$ 2,121	$ (105)	$ 6	$ 3,330

	Equity of our Common Shareholder						
	Common Stock						
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
Balance as of March 31, 2023	1,000	$ —	$ 1,208	$ 2,472	$ (238)	$ 12	$ 3,454
Net income attributable to our common shareholder	—	—	—	156	—	—	156
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—
Currency translation adjustment included in other comprehensive income	—	—	—	—	(16)	—	(16)
Change in fair value of effective portion of cash flow hedges, net of tax provision of $43 included in other comprehensive income	—	—	—	—	124	—	124
Change in pension and other benefits, net of tax benefit of $1 included in other comprehensive income	—	—	—	—	(3)	—	(3)
Return of capital to our common shareholder	—	—	—	—	—	—	—
Balance as of June 30, 2023	1,000	$ —	$ 1,208	$ 2,628	$ (133)	$ 12	$ 3,715

See accompanying notes to the condensed consolidated financial statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

References herein to "Novelis," the "Company," "we," "our," or "us" refer to Novelis Inc. and its subsidiaries unless the context specifically indicates otherwise. References herein to "Hindalco" refer to Hindalco Industries Limited. Hindalco acquired Novelis in May 2007. Effective September 1, 2022, Novelis Inc. and AV Metals, Inc. (which, prior to such date, was our sole shareholder and a wholly owned subsidiary of AV Minerals (Netherlands) N.V.) completed a plan of arrangement, pursuant to which AV Metals, Inc. merged with and into Novelis Inc., with Novelis Inc. surviving the merger. As of the effectiveness of the plan of arrangement, we are a direct, wholly owned subsidiary of AV Minerals (Netherlands) N.V. and indirectly by Hindalco. Prior to the effectiveness of the plan of arrangement, AV Metals, Inc. was a holding company, with its assets being comprised solely of its investment in Novelis, and without any operations. The plan of arrangement was a combination of entities under common control and resulted in a change in the reporting entity. The opening balance of additional paid-in capital has been increased and that of retained earnings reduced by $4 million in the earliest period presented.

All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kt is 1,000 metric tonnes.

Organization and Description of Business

We produce aluminum sheet and light gauge products for use in the packaging market, which includes beverage and food can and foil products, as well as for use in the automotive, transportation, aerospace, electronics, architectural, and industrial product markets. As of June 30, 2023, we had manufacturing operations in nine countries on four continents: North America, South America, Asia, and Europe, through 33 operating facilities, which may include any combination of hot or cold rolling, finishing, casting, or recycling capabilities. We have recycling operations in 15 of our operating facilities to recycle post-consumer aluminum, such as UBCs, and post-industrial aluminum, such as class scrap.

Basis of Presentation

The condensed consolidated balance sheet data as of March 31, 2023, was derived from the March 31, 2023, audited financial statements but does not include all disclosures required by U.S. GAAP. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and accompanying notes in our 2023 Form 10-K. Management believes that all adjustments necessary for the fair statement of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented.

Consolidation Policy

Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and include the assets, liabilities, revenues, and expenses of all wholly owned subsidiaries, majority-owned subsidiaries over which we exercise control, and entities in which we have a controlling financial interest or are deemed to be the primary beneficiary. We eliminate intercompany accounts and transactions from our condensed consolidated financial statements.

We use the equity method to account for our investments in entities that we do not control but have the ability to exercise significant influence over operating and financial policies. Consolidated net income attributable to our common shareholder includes our share of the net income (loss) of these entities. The difference between consolidation and the equity method impacts certain of our financial ratios because of the presentation of the detailed line items reported in the condensed consolidated financial statements for consolidated entities, compared to a two-line presentation of investment in and advances to non-consolidated affiliates and equity in net income of non-consolidated affiliates.

Supplier Finance Programs

The Company participates in supply chain finance programs under which participating suppliers may elect to sell some or all of their Novelis receivables to a third-party financial institution. Supplier participation in the programs is solely up to the supplier, and participating suppliers negotiate their arrangements directly with the financial institutions. The payment terms that we have with our suppliers under these programs range up to 180 days and are considered commercially reasonable. The Company has provided a guarantee in support of the obligations of certain of its subsidiaries under one of the supply chain finance programs currently in effect pursuant to which invoices receivable from Novelis originating in North America and South America are purchased and sold. In the ordinary course of business, the Company provides operating guarantees relating to the payment obligations of certain of its subsidiaries. The Company's obligation under the guarantee referenced above is qualitatively the same as its guarantees supporting payment obligations of its subsidiaries.

On June 30, 2023 and March 31, 2023, confirmed supplier invoices that are outstanding and subject to the third-party programs included in accounts payable on the condensed consolidated balance sheets were $745 million and $801 million, respectively.

Use of Estimates and Assumptions

The preparation of our condensed consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent 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 (1) impairment of goodwill; (2) actuarial assumptions related to pension and other postretirement benefit plans; (3) tax uncertainties and valuation allowances; and (4) assessment of loss contingencies, including environmental and litigation liabilities. 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 condensed consolidated financial statements may change as new events occur, more experience is acquired, additional information is obtained, and 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.

Recently Adopted Accounting Standards

On April 1, 2023, we adopted ASU 2022-04, which requires a buyer in a supplier finance program to disclose qualitative and quantitative information about its supplier finance programs, including the key terms of the program, the amount of obligations outstanding at the end of the reporting period, and a description of where those obligations are presented in the balance sheet. If presented in more than one balance sheet line item, the amount in each line item should be disclosed. Further, effective April 1, 2024, a roll-forward of such amounts during the annual period should be presented. The adoption of this guidance resulted in enhanced disclosures regarding these programs (see Supplier Finance Programs above) and did not have a material impact on our consolidated financial condition, results of operations, or cash flows.

We did not adopt any other new accounting pronouncements during the three months ended June 30, 2023, that had a material impact on our consolidated financial condition, results of operations, or cash flows.

Recently Issued Accounting Standards (Not Yet Adopted)

There are no recent accounting pronouncements pending adoption that we expect will have a material impact on our consolidated financial condition, results of operations, or cash flows.

2. INVENTORIES

Inventories consists of the following.

in millions	June 30, 2023	March 31, 2023
Finished goods	$ 729	$ 643
Work in process	1,207	1,303
Raw materials	653	505
Supplies	287	278
Inventories	$ 2,876	$ 2,729

3. CONSOLIDATION

Variable Interest Entity

The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and consolidates the VIE. An entity is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Logan is a consolidated joint venture in which we hold 40% ownership. Our joint venture partner is Tri-Arrows. Logan processes metal received from Novelis and Tri-Arrows and charges the respective partner a fee to cover expenses. Logan is a thinly capitalized VIE that relies on the regular reimbursement of costs and expenses from Novelis and Tri-Arrows to fund its operations. Novelis is considered the primary beneficiary and consolidates Logan since it has the power to direct activities that most significantly impact Logan's economic performance, an obligation to absorb expected losses, and the right to receive benefits that could potentially be significant to the VIE.

Other than the contractually required reimbursements, we do not provide additional material support to Logan. Logan's creditors do not have recourse to our general credit. There are significant other assets used in the operations of Logan that are not part of the joint venture, as they are directly owned and consolidated by Novelis or Tri-Arrows.

The following table summarizes the carrying value and classification of assets and liabilities owned by the Logan joint venture and consolidated in our condensed consolidated balance sheets.

in millions	June 30, 2023	March 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5	$ 6
Accounts receivable, net	9	6
Inventories	160	149
Prepaid expenses and other current assets	8	7
Total current assets	182	168
Property, plant and equipment, net	72	63
Goodwill	12	12
Deferred income tax assets	37	37
Other long-term assets	5	6
Total assets	$ 308	$ 286
LIABILITIES		
Current liabilities:		
Accounts payable	$ 127	$ 90
Accrued expenses and other current liabilities	21	28
Total current liabilities	148	118
Accrued postretirement benefits	123	130
Other long-term liabilities	6	6
Total liabilities	$ 277	$ 254

4. INVESTMENT IN AND ADVANCES TO NON-CONSOLIDATED AFFILIATES AND RELATED PARTY TRANSACTIONS

Included in the accompanying condensed consolidated financial statements are transactions and balances arising from business we conducted with our equity method non-consolidated affiliates.

Alunorf

Alunorf is a joint venture investment between Novelis Deutschland GmbH, a subsidiary of Novelis, and Speira GmbH. Each of the parties to the joint venture holds a 50% interest in the equity, profits and losses, shareholder voting, management control, and rights to use the production capacity of the facility. Alunorf tolls aluminum and charges the respective partner a fee to cover the associated expenses.

UAL

UAL is a joint venture investment between Novelis Korea Ltd., a subsidiary of Novelis, and Kobe. UAL is a thinly capitalized VIE that relies on the regular reimbursement of costs and expenses from Novelis and Kobe. UAL is controlled by an equally represented board of directors in which neither entity has sole decision-making ability regarding production operations or other significant decisions. Furthermore, neither entity has the ability to take the majority share of production or associated costs over the life of the joint venture. Our risk of loss is limited to the carrying value of our investment in and inventory-related receivables from UAL. UAL's creditors do not have recourse to our general credit. Therefore, UAL is accounted for as an equity method investment, and Novelis is not considered the primary beneficiary. UAL currently produces flat-rolled aluminum products exclusively for Novelis and Kobe. As of June 30, 2023, Novelis and Kobe both hold a 50% interest in UAL.

AluInfra

AluInfra is a joint venture investment between Novelis Switzerland SA, a subsidiary of Novelis, and Constellium SE. Each of the parties to the joint venture holds a 50% interest in the equity, profits and losses, shareholder voting, management control, and rights to use the facility.

The following table summarizes the results of operations of our equity method non-consolidated affiliates in the aggregate and the nature and amounts of significant transactions we have with our non-consolidated affiliates. The amounts in the table below are disclosed at 100% of the operating results of these affiliates.

	Three Months Ended June 30,	
in millions	2023	2022
Net sales	$ 396	$ 509
Costs and expenses related to net sales	381	489
Income tax provision	4	6
Net income	$ 11	$ 14
Purchases of tolling services from Alunorf	$ 77	$ 81

The following table describes related party balances in the accompanying condensed consolidated balance sheets. We had no other material related party balances with non-consolidated affiliates.

in millions	June 30, 2023	March 31, 2023
Accounts receivable, net — related parties	$ 156	$ 156
Other long-term assets — related parties	2	3
Accounts payable — related parties	283	277

Transactions with Hindalco

We occasionally have related party transactions with Hindalco. During the three months ended June 30, 2023, and 2022, we recorded net sales of less than $1 million between Novelis and Hindalco related primarily to sales of equipment and other services. As of June 30, 2023, and March 31, 2023, there was $1 million and $2 million, respectively, of outstanding accounts receivable, net — related parties net of accounts payable — related parties related to transactions with Hindalco.

5. DEBT

Debt consists of the following.

		June 30, 2023			March 31, 2023		
in millions	Interest Rates[1]	Principal	Unamortized Carrying Value Adjustments[2]	Carrying Value	Principal	Unamortized Carrying Value Adjustments[2]	Carrying Value
Short-term borrowings	6.66 %	$ 601	$ —	$ 601	$ 671	$ —	$ 671
Floating rate Term Loans, due January 2025	7.14 %	749	(6)	743	752	(7)	745
Floating rate Term Loans, due March 2028	7.39 %	488	(6)	482	490	(6)	484
3.25% Senior Notes, due November 2026	3.25 %	750	(7)	743	750	(8)	742
3.375% Senior Notes, due April 2029	3.375 %	546	(9)	537	543	(8)	535
4.75% Senior Notes, due January 2030	4.75 %	1,600	(21)	1,579	1,600	(22)	1,578
3.875% Senior Notes, due August 2031	3.875 %	750	(9)	741	750	(9)	741
China Bank Loans, due August 2027	3.90 %	61	—	61	64	—	64
1.8% Brazil Loan, due June 2023	1.80 %	—	—	—	30	—	30
1.8% Brazil Loan, due December 2023	1.80 %	20	—	20	20	—	20
Finance lease obligations and other debt, due through June 2028	2.46 %	29	—	29	30	—	30
Total debt		$ 5,594	$ (58)	$ 5,536	$ 5,700	$ (60)	$ 5,640
Less: Short-term borrowings		(601)	—	(601)	(671)	—	(671)
Less: Current portion of long-term debt		(57)	—	(57)	(88)	—	(88)
Long-term debt, net of current portion		$ 4,936	$ (58)	$ 4,878	$ 4,941	$ (60)	$ 4,881

(1) Interest rates are the stated rates of interest on the debt instrument (not the effective interest rate) as of June 30, 2023, and therefore exclude the effects of accretion and amortization of debt issuance costs related to refinancing transactions and additional borrowings. We present stated rates of interest because they reflect the rate at which cash will be paid for future debt service.
(2) Amounts include unamortized debt issuance costs, fair value adjustments, and debt discounts.

Principal repayment requirements for our total debt over the next five years and thereafter using exchange rates as of June 30, 2023, for our debt denominated in foreign currencies are as follows (in millions).

As of June 30, 2023	Amount
Short-term borrowings and current portion of long-term debt due within one year	$ 658
2 years	763
3 years	22
4 years	775
5 years	480
Thereafter	2,896
Total	$ 5,594

Short-Term Borrowings

As of June 30, 2023, our short-term borrowings totaled $601 million, which consisted of $377 million of borrowings on our ABL Revolver, $150 million in short-term Brazil loans, and $74 million in short-term China loans (CNY 536 million).

Term Loan Facility

As of June 30, 2023, we were in compliance with the covenants of our Term Loan Facility.

On March 31, 2023, Novelis amended the Term Loan Facility, primarily to modify the reference rate used to determine interest from LIBOR to SOFR. Term loans under the Term Loan Facility will, beginning with the interest period commencing June 30, 2023, accrue interest at SOFR plus a 0.15% credit spread adjustment plus a spread of 1.75% in the case of the 2020 Term Loans, or a spread of 2.00% in the case of the 2021 Term Loans. During fiscal 2021, the Company adopted the practical expedient for Reference Rate Reform related to its debt arrangements and as such, this amendment is treated as a continuation of the existing debt agreement and no gain or loss on the modification was recorded. The Company did not record any gains or losses on the conversion of the reference rate for the borrowings under the Term Loan Facility from LIBOR to SOFR.

ABL Revolver

In April 2022, Novelis amended the ABL Revolver facility to increase the limit on committed letters of credit under the facility to $275 million. There were no material costs incurred or accounting impacts as a result of this amendment.

In August 2022, Novelis amended the ABL Revolver facility to, among other things, increase the commitment under the ABL Revolver by $500 million to $2.0 billion and extend the maturity of the ABL Revolver until August 18, 2027. The amendment provides that new borrowings under the ABL Revolver facility made subsequent to the date of the amendment will incur interest at Term SOFR, EURIBOR, SONIA or SARON, as applicable based on the currency of the loan, plus a spread of 1.10% to 1.60% based on excess availability. The ABL Revolver facility also permits us to elect to borrow USD loans that accrue interest at a base rate (determined based on the greatest of one month Term SOFR plus 1.00%, a prime rate or an adjusted federal funds rate) plus a prime spread of 0.10% to 0.60% based on excess availability.

As of June 30, 2023, we had $377 million in borrowings under the ABL Revolver and were in compliance with debt covenants. We utilized $41 million of the ABL Revolver for letters of credit. We had availability of $1.2 billion on the ABL Revolver, including $234 million of remaining availability that can be utilized for letters of credit.

Senior Notes

The Senior Notes are guaranteed, jointly and severally, on a senior unsecured basis, by Novelis Inc. and certain of its subsidiaries. The Senior Notes contain customary covenants and events of default that will limit our ability and, in certain instances, the ability of certain of our subsidiaries to incur additional debt and provide additional guarantees; pay dividends or return capital beyond certain amounts and make other restricted payments; create or permit certain liens; make certain asset sales; use the proceeds from the sales of assets and subsidiary stock; create or permit restrictions on the ability of certain of Novelis' subsidiaries to pay dividends or make other distributions to Novelis or certain of Novelis' subsidiaries, as applicable; engage in certain transactions with affiliates; enter into sale and leaseback transactions; designate subsidiaries as unrestricted subsidiaries; and consolidate, merge, or transfer all or substantially all of our assets and the assets of certain of our 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 Senior Notes and no default or event of default under the indenture has occurred and is continuing, certain of the covenants will be suspended. The Senior Notes include customary events of default, including a cross-acceleration event of default. The Senior Notes also contain customary call protection provisions for our bondholders that extend through November 2023 for the 3.25% Senior Notes due November 2026, through April 2024 for the 3.375% Senior Notes due April 2029, through January 2025 for the 4.75% Senior Notes due January 2030, and through August 2026 for the 3.875% Senior Notes due August 2031.

As of June 30, 2023, we were in compliance with the covenants of our Senior Notes.

6. SHARE-BASED COMPENSATION

During the three months ended June 30, 2023, we granted 1,943,791 Hindalco phantom RSUs and 2,588,606 Hindalco SARs. Total share-based compensation expense was $6 million for the three months ended June 30, 2023. Total share-based compensation was a net benefit of $2 million for the three months ended June 30, 2022. As of June 30, 2023, the outstanding liability related to share-based compensation was $15 million.

The cash payments made to settle all Hindalco SAR liabilities were $3 million and $6 million in the three months ended June 30, 2023, and 2022, respectively. Total cash payments made to settle RSUs were $13 million and $11 million in the three months ended June 30, 2023, and 2022, respectively. As of June 30, 2023, unrecognized compensation expense related to the non-vested Hindalco SARs (assuming all future performance criteria are met) and the RSUs was $8 million and $22 million, respectively. The unrecognized expense related to the non-vested Hindalco SARs and the RSUs is expected to be recognized over weighted average periods of 1.6 years and 1.8 years, respectively.

7. POSTRETIREMENT BENEFIT PLANS

The Company recognizes actuarial gains and losses and prior service costs in the condensed consolidated balance sheet and recognizes changes in these amounts during the year in which changes occur through other comprehensive income (loss). The Company uses various assumptions when computing amounts relating to its defined benefit pension plan obligations and their associated expenses (including the discount rate and the expected rate of return on plan assets).

Components of net periodic benefit cost for all of our postretirement benefit plans are shown in the table below.

	Pension Benefit Plans		Other Benefit Plans	
	Three Months Ended June 30,		Three Months Ended June 30,	
in millions	2023	2022	2023	2022
Service cost	$ 5	$ 6	$ —	$ 1
Interest cost	19	16	1	1
Expected return on assets	(19)	(18)	—	—
Amortization — losses, net	(1)	2	—	—
Amortization — prior service credit, net	—	—	(1)	(1)
Net periodic benefit cost(1)	$ 4	$ 6	$ —	$ 1

(1) Service cost is included within cost of goods sold (exclusive of depreciation and amortization) and selling, general and administrative expenses, while all other cost components are recorded within other (income) expenses, net.

The average expected long-term rate of return on all plan assets is 6.1% in fiscal 2024.

Employer Contributions to Plans

For pension plans, our policy is to fund an amount required to provide for contractual benefits attributed to service to date and amortize unfunded actuarial liabilities typically over periods of 15 years or less. We also participate in savings plans in Canada and the U.S., as well as defined contribution pension plans in the U.S., the U.K., Canada, Germany, Italy, Switzerland, and Brazil. We contributed the following amounts to all plans.

	Three Months Ended June 30,	
in millions	2023	2022
Funded pension plans	$ 2	$ 2
Unfunded pension plans	4	4
Savings and defined contribution pension plans	16	14
Total contributions	$ 22	$ 20

During the remainder of fiscal 2024, we expect to contribute an additional $18 million to our funded pension plans, $13 million to our unfunded pension plans, and $41 million to our savings and defined contribution pension plans.

8. CURRENCY LOSSES (GAINS)

The following currency losses are included in other (income) expenses, net in the accompanying condensed consolidated statements of operations.

	Three Months Ended June 30,	
in millions	**2023**	**2022**
Losses (gains) on remeasurement of monetary assets and liabilities, net	$ 12	$ (32)
(Gains) losses recognized on balance sheet remeasurement currency exchange contracts, net	(8)	37
Currency losses, net	$ 4	$ 5

9. FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS

The following tables summarize the gross fair values of our financial instruments and commodity contracts as of the periods presented.

	June 30, 2023				
	Assets		Liabilities		Net Fair Value
in millions	Current	Noncurrent[(1)]	Current	Noncurrent[(1)]	Assets / (Liabilities)
Derivatives designated as hedging instruments:					
Cash flow hedges					
Metal contracts	$ 167	$ —	$ —	$ —	$ 167
Currency exchange contracts	31	3	(16)	—	18
Energy contracts	3	—	(3)	—	—
Total derivatives designated as hedging instruments	$ 201	$ 3	$ (19)	$ —	$ 185
Derivatives not designated as hedging instruments:					
Metal contracts	$ 111	$ —	$ (99)	$ (1)	$ 11
Currency exchange contracts	24	4	(14)	(4)	10
Energy contracts	—	—	(1)	—	(1)
Total derivatives not designated as hedging instruments	$ 135	$ 4	$ (114)	$ (5)	$ 20
Total derivative fair value	$ 336	$ 7	$ (133)	$ (5)	$ 205

	March 31, 2023				
	Assets		Liabilities		Net Fair Value
	Current	Noncurrent[(1)]	Current	Noncurrent[(1)]	Assets / (Liabilities)
Derivatives designated as hedging instruments:					
Cash flow hedges					
Metal contracts	$ 37	$ —	$ (31)	$ —	$ 6
Currency exchange contracts	26	4	(19)	(1)	10
Energy contracts	3	—	(4)	—	(1)
Total derivatives designated as hedging instruments	$ 66	$ 4	$ (54)	$ (1)	$ 15
Derivatives not designated as hedging instruments:					
Metal contracts	$ 66	$ —	$ (52)	$ (2)	$ 12
Currency exchange contracts	13	3	(22)	(3)	(9)
Energy contracts	—	—	(2)	—	(2)
Total derivatives not designated as hedging instruments	$ 79	$ 3	$ (76)	$ (5)	$ 1
Total derivative fair value	$ 145	$ 7	$ (130)	$ (6)	$ 16

(1) The noncurrent portions of derivative assets and liabilities are included in other long-term assets and other long-term liabilities, respectively, in the accompanying condensed consolidated balance sheets.

Metal

We use derivative instruments to preserve our conversion margins and manage the timing differences associated with metal price lag. We use over-the-counter derivatives indexed to the LME (referred to as our "aluminum derivative forward contracts") to reduce our exposure to fluctuating metal prices associated with the period of time between the pricing of our purchases of inventory and the pricing of the sale of that inventory to our customers, which is known as "metal price lag." We also purchase forward LME aluminum contracts simultaneously with our sales contracts with customers that contain fixed metal prices. These LME aluminum forward contracts directly hedge the economic risk of future metal price fluctuations to better match the selling price of the metal with the purchase price of the metal. The volatility in LMPs also results in metal price lag.

Price risk arises due to fluctuating aluminum prices between the time the sales order is committed and the time the order is shipped. We identify and designate certain LME aluminum forward purchase contracts as cash flow hedges of the metal price risk associated with our future metal purchases that vary based on changes in the price of aluminum. Generally, such designated exposures do not extend beyond one year in length. The average duration of those contracts is one year.

Price risk exposure arises due to the timing lag between the LME based pricing of raw material aluminum purchases and the LME based pricing of finished product sales. We identify and designate certain LME aluminum forward sales contracts as cash flow hedges of the metal price risk associated with our future metal sales that vary based on changes in the price of aluminum. Generally, such designated exposures do not extend beyond two years in length. The average duration of those contracts is less than one year.

In addition to aluminum, we entered into LME copper and zinc forward contracts, as well as LMP forward contracts. As of June 30, 2023, and March 31, 2023, the fair value of these contracts represented a liability of $2 million and an asset of less than $1 million, respectively. These contracts are undesignated, with an average duration of one year.

The following table summarizes our notional amount.

in kt	June 30, 2023	March 31, 2023
Hedge type		
Purchase (sale)		
Cash flow purchases	1	1
Cash flow sales	(773)	(699)
Not designated	(108)	(144)
Total, net	(880)	(842)

Foreign Currency

We use foreign exchange forward contracts and cross-currency swaps to manage our exposure to changes in exchange rates. These exposures arise from recorded assets and liabilities, firm commitments, and forecasted cash flows denominated in currencies other than the functional currency of certain operations.

We use foreign currency contracts to hedge expected future foreign currency transactions, which include capital expenditures. These contracts cover the same periods as known or expected exposures. We had total notional amounts of $1.1 billion and $1.2 billion in outstanding foreign currency forwards designated as cash flow hedges as of June 30, 2023, and March 31, 2023, respectively.

As of June 30, 2023, and March 31, 2023, we had outstanding foreign currency exchange contracts with a total notional amount of $1.5 billion and $1.7 billion, respectively, to primarily hedge balance sheet remeasurement risk, which were not designated as hedges. Contracts representing the majority of this notional amount will mature by the second and third quarter of fiscal 2024 and offset the remeasurement impact.

Energy

We use natural gas forward purchase contracts to manage our exposure to fluctuating energy prices in North America. We had a notional of 5 million MMBtu designated as cash flow hedges as of June 30, 2023, and the fair value was an asset of less than $1 million. There was a notional of 7 million MMBtu of natural gas forward purchase contracts designated as cash flow hedges as of March 31, 2023, and the fair value was liability of less than $1 million. As of June 30, 2023, we had a notional of less than 1 million MMBtu forward contracts that were not designated as hedges, and the fair value was a liability of less than $1 million. As of March 31, 2023, we had a notional of less than 1 million MMBtu and the fair value was liability of less than $1 million. The average duration for all natural gas contracts is two years in length.

We use diesel fuel forward purchase contracts to manage our exposure to fluctuating fuel prices in North America and Europe. We had a notional of 2 million gallons designated as cash flow hedges as of June 30, 2023, and the fair value was a liability of less than $1 million. There was a notional of 1 million gallons designated as cash flow hedges as of March 31, 2023, and the fair value was a liability of less than $1 million. As of June 30, 2023, we had a notional of less than 1 million metric tonnes not designated as hedges, and the fair value was a liability of $1 million. As of March 31, 2023, we had a notional of less than 1 million metric tonnes of forward contracts that were not designated as hedges, and the fair value was a liability of less than $1 million. The average duration for all diesel fuel contracts is one year in length.

(Gain) Loss Recognition

The following table summarizes the (gains) losses associated with the change in fair value of derivative instruments not designated as hedges and the excluded portion of designated derivatives recognized in other (income) expenses, net. (Gains) losses recognized in other line items in the condensed consolidated statement of operations are separately disclosed within this footnote.

	Three Months Ended June 30	
in millions	2023	2022
Derivative instruments not designated as hedges		
Metal contracts	$ (24)	$ 42
Currency exchange contracts	(11)	42
Energy contracts(1)	—	(4)
(Gain) loss recognized in other (income) expenses, net	(35)	80
Derivative instruments designated as hedges		
Gain recognized in other (income) expenses, net(2)	(1)	(2)
Total (gain) loss recognized in other (income) expenses, net	$ (36)	$ 78
(Gains) losses recognized on balance sheet remeasurement currency exchange contracts, net	$ (8)	$ 37
Realized (gains) losses on change in fair value of derivative instruments, net	(24)	83
Unrealized gains on change in fair value of derivative instruments, net	(4)	(42)
Total (gain) loss recognized in other (income) expenses, net	$ (36)	$ 78

(1) Includes amounts related to natural gas and diesel swaps not designated as hedges and electricity swap settlements.
(2) Amount includes forward market premium/discount excluded from hedging relationship and releases to income from accumulated other comprehensive loss on balance sheet remeasurement contracts.

The following table summarizes the impact on accumulated other comprehensive loss and earnings of derivative instruments designated as cash flow hedges. Within the next twelve months, we expect to reclassify $186 million of gains from accumulated other comprehensive loss to earnings, before taxes.

	Amount of Gain (Loss) Recognized in Other comprehensive income (Effective Portion)	
	Three Months Ended June 30,	
in millions	2023	2022
Cash flow hedging derivatives		
Metal contracts	$ 226	$ 899
Currency exchange contracts	8	(78)
Energy contracts	(1)	7
Total	$ 233	$ 828

Gain (Loss) Reclassification

	Amount of Gain (Loss) Reclassified from Accumulated other comprehensive loss into Income/(Expense) (Effective Portion)		
	Three Months Ended June 30,		Location of Gain (Loss) Reclassified from Accumulated other comprehensive loss into Earnings
in millions	2023	2022	
Cash flow hedging derivatives			
Energy contracts[1]	$ (1)	$ 7	Cost of goods sold (exclusive of depreciation and amortization)
Metal contracts	1	6	Cost of goods sold (exclusive of depreciation and amortization)
Metal contracts	69	(82)	Net sales
Currency exchange contracts	3	7	Cost of goods sold (exclusive of depreciation and amortization)
Currency exchange contracts	(5)	(12)	Net sales
Currency exchange contracts	(1)	(1)	Depreciation and amortization
Total	$ 66	$ (75)	Income from continuing operations before income tax provision
	(19)	21	Income tax provision
	$ 47	$ (54)	Net income from continuing operations

(1) Includes amounts related to electricity, natural gas, and diesel swaps.

The entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is included in other comprehensive (loss) income and reclassified to earnings in the period in which earnings are impacted by the hedged items or in the period that the transaction becomes probable of not occurring. There was no amount excluded from the assessment of effectiveness recognized in earnings for the periods ended June 30, 2023, and 2022.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarize the change in the components of accumulated other comprehensive loss, excluding noncontrolling interests, for the periods presented.

in millions	Currency Translation	Cash Flow Hedges[1]	Postretirement Benefit Plans[2]	Total
Balance as of March 31, 2023	$ (293)	$ (5)	$ 60	$ (238)
Other comprehensive (loss) income before reclassifications	(16)	171	(2)	153
Amounts reclassified from accumulated other comprehensive loss, net	—	(47)	(1)	(48)
Net current-period other comprehensive (loss) income	(16)	124	(3)	105
Balance as of June 30, 2023	$ (309)	$ 119	$ 57	$ (133)

	Currency Translation	Cash Flow Hedges[1]	Postretirement Benefit Plans[2]	Total
Balance as of March 31, 2022	$ (166)	$ (435)	$ (19)	$ (620)
Other comprehensive (loss) income before reclassifications	(173)	627	6	460
Amounts reclassified from accumulated other comprehensive loss, net	—	54	1	55
Net current-period other comprehensive (loss) income	(173)	681	7	515
Balance as of June 30, 2022	$ (339)	$ 246	$ (12)	$ (105)

(1) For additional information on our cash flow hedges, see Note 9 – Financial Instruments and Commodity Contracts.
(2) For additional information on our postretirement benefit plans, see Note 7 – Postretirement Benefit Plans.

11. FAIR VALUE MEASUREMENTS

We record certain assets and liabilities, primarily derivative instruments, on our condensed consolidated balance sheets at fair value. We also disclose the fair values of certain financial instruments, including debt and loans receivable, which are not recorded at fair value. Our objective in measuring fair value is to estimate an exit price in an orderly transaction between market participants on the measurement date. We consider factors such as liquidity, bid/offer spreads, and nonperformance risk, including our own nonperformance risk, in measuring fair value. We use observable market inputs wherever possible. To the extent observable market inputs are not available, our fair value measurements will reflect the assumptions used. We grade the level of the inputs and assumptions used according to a three-tier hierarchy:

Level 1 — Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities we have the ability to access at the measurement date.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Unobservable inputs for which there is little or no market data, which require us to develop our own assumptions based on the best information available as to what market participants would use in pricing the asset or liability.

The following section describes the valuation methodologies we used to measure our various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified.

Derivative Contracts

For certain derivative contracts with fair values based upon trades in liquid markets, such as aluminum, zinc, copper, foreign exchange, natural gas, and diesel fuel forward contracts and options, valuation model inputs can generally be verified and valuation techniques do not involve significant judgment. The fair values of such financial instruments are generally classified within Level 2 of the fair value hierarchy.

The majority of our derivative contracts are valued using industry-standard models with observable market inputs as their basis, such as time value, forward interest rates, volatility factors, and current (spot) and forward market prices. We generally classify these instruments within Level 2 of the valuation hierarchy. Such derivatives include interest rate swaps, cross-currency swaps, foreign currency contracts, aluminum, copper, and zinc forward contracts, and natural gas and diesel fuel forward contracts.

For Level 2 and 3 of the fair value hierarchy, where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations (nonperformance risk). We regularly monitor these factors along with significant market inputs and assumptions used in our fair value measurements and evaluate the level of the valuation input according to the fair value hierarchy. This may result in a transfer between levels in the hierarchy from period to period. As of June 30, 2023, and March 31, 2023, we did not have any Level 1 or Level 3 derivative contracts. No amounts were transferred between levels in the fair value hierarchy.

All of the Company's derivative instruments are carried at fair value in the statements of financial position prior to considering master netting agreements. The fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date and are reported gross.

The following table presents our derivative assets and liabilities which were measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2023, and March 31, 2023. The table below also discloses the net fair value of the derivative instruments after considering the impact of master netting agreements.

	June 30, 2023		March 31, 2023	
in millions	Assets	Liabilities	Assets	Liabilities
Level 2 instruments:				
Metal contracts	$ 278	$ (100)	$ 103	$ (85)
Currency exchange contracts	62	(34)	46	(45)
Energy contracts	3	(4)	3	(6)
Total level 2 instruments	$ 343	$ (138)	$ 152	$ (136)
Netting adjustment[(1)]	(98)	98	(72)	72
Total net	$ 245	$ (40)	$ 80	$ (64)

(1) Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle positive and negative positions with the same counterparties.

Financial Instruments Not Recorded at Fair Value

The table below presents the estimated fair value of certain financial instruments not recorded at fair value on a recurring basis. The table excludes finance leases and short-term financial assets and liabilities for which we believe carrying value approximates fair value. We value long-term receivables and long-term debt using Level 2 inputs. Valuations are based on either market and/or broker ask prices when available or on a standard credit adjusted discounted cash flow model using market observable inputs.

	June 30, 2023		March 31, 2023	
in millions	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term receivables from related parties	$ 2	$ 2	$ 3	$ 3
Total debt — third parties (excluding finance leases and short-term borrowings)	4,906	4,572	4,939	4,652

Additionally, our condensed consolidated balance sheet as of June 30, 2023 includes a note receivable in the amount of $43 million. The note receivable is not carried at fair value, but we assess its collectability on a quarterly basis. The fair value of the note receivable is determined using Level 2 inputs and is materially consistent with the carrying value.

12. OTHER (INCOME) EXPENSES, NET

Other (income) expenses, net consists of the following.

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Currency losses, net[1]	$ 4	$ 5
Unrealized gains on change in fair value of derivative instruments, net[2]	(4)	(42)
Realized (gains) losses on change in fair value of derivative instruments, net[2]	(24)	83
Loss on sale of assets, net	—	1
Interest income	(7)	(4)
Non-operating net periodic benefit cost[3]	(1)	—
Other, net	5	7
Other (income) expenses, net	$ (27)	$ 50

(1) Includes losses recognized on balance sheet remeasurement currency exchange contracts, net. See Note 8 – Currency Losses (Gains) for further details.
(2) See Note 9 – Financial Instruments and Commodity Contracts for further details.
(3) Represents net periodic benefit cost, exclusive of service cost for the Company's pension and other post-retirement plans. For further details, refer to Note 7 – Postretirement Benefit Plans.

13. INCOME TAXES

For the three months ended June 30, 2023, our effective tax rate differs from the Canadian statutory rate primarily due to the full-year forecasted effective tax rate taking into account income taxed at rates that differ from the 25% Canadian rate, including withholding taxes and changes to the Brazilian real foreign exchange rate, offset by income not subject to tax and tax credits. For the three months ended June 30, 2022, our effective tax rate differs from the Canadian statutory rate primarily due to the full-year forecasted effective tax rate taking into account income taxed at rates that differ from the 25% Canadian rate, including withholding taxes, changes to the Brazilian real foreign exchange rate, the availability of tax credits, and the change in valuation allowance. The change in valuation allowance is mainly attributable to the release of the full valuation allowance on temporary items and tax attributes of legacy Aleris entities in certain separate filer states and unitary filer states that require combined or separate reporting, resulting in a benefit of $11 million.

As of June 30, 2023, we had a net deferred tax liability of $192 million. This amount included gross deferred tax assets of approximately $1.4 billion and a valuation allowance of $713 million. It is reasonably possible that our estimates of future taxable income may change within the next twelve months resulting in a change to the valuation allowance in one or more jurisdictions.

Tax Uncertainties

Certain tax filings for fiscal years 2007 through 2020 are subject to tax examinations and judicial and administrative proceedings. As a result of further settlement of audits, judicial decisions, the filing of amended tax returns, or the expiration of statutes of limitations, our reserves for unrecognized tax benefits, as well as reserves for interest and penalties, may change in the next 12 months. With few exceptions, tax returns for all jurisdictions for all tax years before 2007 are no longer subject to examination by taxing authorities or subject to any judicial or administrative proceedings. During the three months ended June 30, 2023, certain estimates and assumptions associated with uncertain tax positions changed, none of which had a material impact on our financial statements for any periods presented.

14. COMMITMENTS AND CONTINGENCIES

We are party to and may in the future be involved in or subject to disputes, claims, and proceedings arising in the ordinary course of our business, including some we assert against others, such as environmental, health and safety, product liability, employee, tax, personal injury, and other matters. For certain matters in which the Company is involved in for which a loss is reasonably possible, we are unable to estimate a loss. For certain other matters for which a loss is reasonably possible and the loss is estimable, we have estimated the aggregated range of loss as $0 to $75 million. This estimated aggregate range of reasonably possible losses is based upon currently available information. The Company's estimates involve significant judgment. Therefore, the estimate will change from time to time and actual losses may differ from the current estimate. We review the status of, and estimated liability related to, pending claims and civil actions on a quarterly basis. The evaluation model includes all asserted and unasserted claims that can be reasonably identified, including claims relating to our responsibility for compliance with environmental, health and safety laws and regulations in the jurisdictions in which we operate or formerly operated. The estimated costs in respect of such reported liabilities are not offset by amounts related to insurance or indemnification arrangements unless otherwise noted.

Environmental Matters

We have established liabilities based on our estimates for currently anticipated costs associated with environmental matters. We estimate that the costs related to our environmental liabilities as of June 30, 2023, and March 31, 2023, were $38 million and $37 million, respectively. Of the total $38 million as of June 30, 2023, $15 million is associated with an environmental reserve, $19 million is associated with undiscounted environmental clean-up costs, and $4 million is associated with restructuring actions. As of June 30, 2023, $21 million is included in accrued expenses and other current liabilities and the remainder is within other long-term liabilities in our accompanying condensed consolidated balance sheets.

Brazilian Tax Litigation

Under a federal tax dispute settlement program established by the Brazilian government, we have settled several disputes with Brazil's tax authorities regarding various forms of manufacturing taxes and social security contributions. In most cases, we are paying the settlement amounts over a period of 180 months, however, in some cases we pay the settlement amounts over a shorter period. Total settlement liabilities as of June 30, 2023, and March 31, 2023, were $10 million and $11 million, respectively. As of June 30, 2023, $7 million is included in accrued expenses and other current liabilities and the remainder is within other long-term liabilities in our accompanying condensed consolidated balance sheets.

In addition to the disputes we have settled under the federal tax dispute settlement program, we are involved in several other unresolved tax and other legal claims in Brazil. Total liabilities for other disputes and claims were $40 million as of June 30, 2023, and $37 million as of March 31, 2023. As of June 30, 2023, the $40 million is included within other long-term liabilities in our accompanying condensed consolidated balance sheets. Additionally, we have included in the range of reasonably possible losses disclosed above any unresolved tax disputes or other contingencies for which a loss is reasonably possible and estimable. The interest cost recorded on these settlement liabilities offset by interest earned on the cash deposits is reported in other (income) expenses, net on the condensed consolidated statement of operations.

During prior fiscal years, we received multiple favorable rulings from the Brazilian court that recognized the right to exclude certain taxes from the tax base used to calculate contributions to the social integration program and social security contributions on gross revenues, also known as PIS and COFINS. As a result of these cases, we had the right to apply for tax credits for the amounts overpaid during specified tax years. These credits and corresponding interest could be used to offset various Brazilian federal taxes in future years.

The Brazilian Office of the Attorney General of the National Treasury sought clarification from the Brazilian Supreme Court on certain matters, including the calculation methodology (i.e. gross or net credit amount) and timing of these credits. Since the Brazilian Supreme Court had not yet confirmed the appropriate methodology when these favorable rulings were received, Novelis recorded this benefit in the corresponding periods based on the net credit amount.

However, during the first quarter of fiscal 2022, the Brazilian Supreme Court ruled that the credit should be calculated using the gross methodology for lawsuits filed prior to March 2017. As such, Novelis recorded additional income of $76 million in other (income) expenses, net, $48 million of which is principal and $29 million is interest, related to PIS and COFINS for the years 2009 to 2017, net of $1 million in litigation expense.

During the third quarter of fiscal 2022, Novelis recorded $5 million of additional income in other (income) expenses, net, $2 million of which is principal and $3 million of which is interest, related to PIS and COFINS for certain periods.

The credit amounts, interest calculation, and supporting documentation are subject to further validation and scrutiny by tax authorities for five years after the credits are utilized. Thus, credits recognized may differ from these amounts.

In order to qualify for these credits, the Company is required to compile and present verifiable support validating the credits. During fiscal 2022, Novelis applied for and received official authorization from The Special Department of Federal Revenue of Brazil ("Receita Federal") to use the PIS and COFINS credits related to certain periods. Novelis was able to utilize a majority of these credits to offset taxes paid in fiscal 2022 and utilized the remaining credits in the first quarter of fiscal 2023.

15. SEGMENT, GEOGRAPHICAL AREA, MAJOR CUSTOMER AND MAJOR SUPPLIER INFORMATION

Segment Information

Due in part to the regional nature of the supply and demand of aluminum rolled products and to best serve our customers, we manage our activities based on geographical areas and are organized under four operating segments: North America, Europe, Asia, and South America. All of our segments manufacture aluminum sheet and light gauge products. We also manufacture aluminum plate products in Europe and Asia.

The following is a description of our operating segments.

North America. Headquartered in Atlanta, Georgia, this segment operates 17 plants, including seven with recycling operations, in two countries.

Europe. Headquartered in Küsnacht, Switzerland, this segment operates 10 plants, including five with recycling operations, in four countries.

Asia. Headquartered in Seoul, South Korea, this segment operates four plants, including two with recycling operations, in two countries.

South America. Headquartered in São Paulo, Brazil, this segment operates two plants in Brazil, including one with recycling operations.

Net sales and expenses are measured in accordance with the policies and procedures described in Note 1 – Business and Summary of Significant Accounting Policies within our 2023 Form 10-K.

We measure the profitability and financial performance of our operating segments based on Adjusted EBITDA. Adjusted EBITDA provides a measure of our underlying segment results that is in line with our approach to risk management. We define Adjusted EBITDA as earnings before (a) depreciation and amortization; (b) interest expense and amortization of debt issuance costs; (c) interest income; (d) unrealized gains (losses) on change in fair value of derivative instruments, net, except for foreign currency remeasurement hedging activities, which are included in Adjusted EBITDA; (e) impairment of goodwill; (f) (gain) loss on extinguishment of debt, net; (g) noncontrolling interests' share; (h) adjustments to reconcile our proportional share of Adjusted EBITDA from non-consolidated affiliates to income as determined on the equity method of accounting; (i) restructuring and impairment expenses (reversals), net; (j) gains or losses on disposals of property, plant and equipment and businesses, net; (k) other costs, net; (l) litigation settlement, net of insurance recoveries; (m) sale transaction fees; (n) income tax provision (benefit); (o) cumulative effect of accounting change, net of tax; (p) metal price lag; (q) business acquisition and other related costs; (r) purchase price accounting adjustments; (s) income (loss) from discontinued operations, net of tax; and (t) loss on sale of discontinued operations, net of tax.

The tables that follow show selected segment financial information. "Eliminations and Other" includes eliminations and functions that are managed directly from our corporate office that have not been allocated to our operating segments as well as the adjustments for proportional consolidation and eliminations of intersegment net sales. The financial information for our segments includes the results of our affiliates on a proportionately consolidated basis, which is consistent with the way we manage our business segments. In order to reconcile the financial information for the segments shown in the tables below to the relevant U.S. GAAP based measures, we must adjust proportional consolidation of each line item. The "Eliminations and Other" in net sales – third party includes the net sales attributable to our joint venture party, Tri-Arrows, for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP, but we manage our Logan affiliate on a proportionately consolidated basis. See Note 3 – Consolidation and Note 4 – Investment in and Advances to Non-Consolidated Affiliates and Related Party Transactions for further information about these affiliates. Additionally, we eliminate intersegment sales and intersegment income for reporting on a consolidated basis.

Selected Segment Financial Information

in millions

June 30, 2023	North America	Europe	Asia	South America	Eliminations and Other	Total
Investment in and advances to non-consolidated affiliates	$ —	$ 545	$ 342	$ —	$ —	$ 887
Total assets	5,220	4,175	2,243	2,144	805	14,587

in millions

March 31, 2023	North America	Europe	Asia	South America	Eliminations and Other	Total
Investment in and advances to non-consolidated affiliates	$ —	$ 540	$ 337	$ —	$ —	$ 877
Total assets	4,867	4,166	2,417	2,155	759	14,364

in millions

Selected Operating Results Three Months Ended June 30, 2023	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales – third party	$ 1,732	$ 1,159	$ 597	$ 500	$ 103	$ 4,091
Net sales – intersegment	—	22	72	29	(123)	—
Net sales	$ 1,732	$ 1,181	$ 669	$ 529	$ (20)	$ 4,091
Depreciation and amortization	$ 53	$ 41	$ 22	$ 20	$ (5)	$ 131
Income tax (benefit) provision	(13)	13	8	16	30	54
Capital expenditures	275	27	22	15	(6)	333

in millions

Selected Operating Results Three Months Ended June 30, 2022	North America	Europe	Asia	South America	Eliminations and Other	Total
Net sales – third party	$ 2,096	$ 1,358	$ 751	$ 770	$ 114	$ 5,089
Net sales – intersegment	—	36	107	56	(199)	—
Net sales	$ 2,096	$ 1,394	$ 858	$ 826	$ (85)	$ 5,089
Depreciation and amortization	$ 57	$ 40	$ 22	$ 21	$ (2)	$ 138
Income tax (benefit) provision	(24)	(4)	20	37	58	87
Capital expenditures	54	22	23	11	—	110

The table below displays the reconciliation from net income attributable to our common shareholder to Adjusted EBITDA.

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Net income attributable to our common shareholder	$ 156	$ 307
Net loss attributable to noncontrolling interests	—	(1)
Income tax provision	54	87
Loss from discontinued operations, net of tax	—	1
Income from continuing operations before income tax provision	210	394
Depreciation and amortization	131	138
Interest expense and amortization of debt issuance costs	77	58
Adjustment to reconcile proportional consolidation[1]	14	14
Unrealized gains on change in fair value of derivative instruments, net	(4)	(42)
Realized gains on derivative instruments not included in Adjusted EBITDA[2]	(3)	(1)
Restructuring and impairment expenses, net	3	1
Loss on sale of assets, net	—	1
Metal price lag	(5)	(3)
Other, net	(2)	1
Adjusted EBITDA	$ 421	$ 561

(1) Adjustment to reconcile proportional consolidation relates to depreciation, amortization, and income taxes of our equity method investments. Income taxes related to our equity method investments are reflected in the carrying value of the investment and not in our consolidated income tax provision.
(2) Realized gains on derivative instruments not included in Adjusted EBITDA represents foreign currency derivatives unrelated to operations.

The following table displays Adjusted EBITDA by reportable segment.

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
North America	$ 166	$ 227
Europe	88	84
Asia	87	94
South America	84	156
Eliminations and Other	(4)	—
Adjusted EBITDA	$ 421	$ 561

Information about Product Sales, Major Customers, and Primary Supplier

Product Sales

The following table displays net sales by product end market.

in millions	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Can	$ 1,784	$ 2,488
Automotive	1,018	947
Aerospace and industrial plate	176	164
Specialty	1,113	1,490
Net sales	$ 4,091	$ 5,089

Major Customers

The following table displays customers representing 10% or more of our net sales for any of the periods presented and their respective percentage of net sales.

	Three Months Ended June 30,	
	2023	2022
Ball	11 %	17 %

Primary Supplier

Rio Tinto is our primary supplier of metal inputs, including prime and sheet ingot. The table below shows our purchases from Rio Tinto as a percentage of our total combined metal purchases.

	Three Months Ended June 30,	
	2023	2022
Purchases from Rio Tinto as a percentage of total combined metal purchases	10 %	7 %

16. SUBSEQUENT EVENTS

On August 1, 2023, the Board of Directors approved a return of capital to our common shareholder in the amount of $100 million to be paid during fiscal 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING STATEMENTS

The following information should be read together with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Form 10-Q for a more complete understanding of our financial condition and results of operations. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below, particularly in SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA.

OVERVIEW AND REFERENCES

In this Form 10-Q, unless otherwise specified, the terms "we," "our," "us," the "Company," and "Novelis" refer to Novelis Inc., a company incorporated in Canada under the Canadian Business Corporations Act, and its subsidiaries. References herein to "Hindalco" refer to Hindalco Industries Limited, which acquired Novelis in May 2007.

Novelis is driven by its purpose of shaping a sustainable world together. We consider ourselves a global leader in the production of innovative aluminum products and solutions and the world's largest recycler of aluminum. Our ambition is to be the leading provider of low-carbon, sustainable aluminum solutions and to achieve a fully circular economy by partnering with our suppliers and customers in beverage packaging, automotive, aerospace, and specialties (a diverse market including building and construction; signage; foil and packaging; commercial transportation; and commercial and consumer products, among others) markets throughout North America, Europe, Asia, and South America. Novelis is a subsidiary of Hindalco, an industry leader in aluminum and copper and the metals flagship company of the Aditya Birla Group, a multinational conglomerate based in Mumbai, India. As of June 30, 2023, we had manufacturing operations in nine countries on four continents: North America, South America, Asia, and Europe, through 33 operating facilities, which may include any combination of hot or cold rolling, finishing, casting, or recycling capabilities. We have recycling operations in 15 of our operating facilities to recycle post-consumer aluminum, such as UBCs, and post-industrial aluminum, such as class scrap.

As used in this Form 10-Q, consolidated "aluminum rolled product shipments," "flat-rolled product shipments," or "shipments" refers to aluminum rolled product shipments to third parties. Regional "aluminum rolled product shipments," "flat-rolled product shipments," or "shipments" refers to aluminum rolled product shipments to third parties and intersegment shipments to other Novelis regions. Shipment amounts also include tolling shipments. References to "total shipments" include aluminum rolled product shipments as well as certain other non-rolled product shipments, primarily scrap, UBCs, ingots, billets, and primary remelt. The term "aluminum rolled products" is synonymous with the terms "flat-rolled products" and "FRP," which are commonly used by manufacturers and third-party analysts in our industry. All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kt is 1,000 metric tonnes.

BUSINESS AND INDUSTRY CLIMATE

A little over a decade ago, we launched a strategy to transform and improve the profitability of our business through disciplined phases of significant capital investment in new capacity and capabilities. These investments enabled us to increase the amount of recycled content in our products, capitalize on favorable long-term market trends driving increased consumer demand for lightweight, sustainable aluminum products, and diversify and optimize our product portfolio. As a global leader in the aluminum flat-rolled products industry, we leveraged our new capacity, global footprint, scale, and solid customer relationships to drive volumes and capture favorable supply and demand market dynamics across all our end-use markets. With volume growth combined with improved pricing, a significant increase in scrap inputs, operational efficiencies, acquisition cost synergies, and high-capacity utilization rates, we significantly improved the profitability of our beverage packaging and specialties products and maintained high margins for automotive and aerospace products since launching this strategy.

However, rising inflation and geopolitical instability in Europe increased operating costs, including energy, freight, labor, coatings, and alloys, in fiscal 2023 and remained elevated in the first quarter of 2024. Rising interest rates have also increased interest expense on our variable interest rate loans. Rising interest rates have also increased interest expense on our variable interest rate loans. We believe the challenging inflationary and geopolitical environment is negatively impacting near-term demand in some specialty end markets, such as building and construction, which is more sensitive to inflation and interest rates. We expect such elevated costs and reduced demand until economic conditions stabilize. Despite our results being negatively impacted by higher costs, we have been able to partially mitigate a portion of the higher inflationary cost impact through a combination of hedging, passing through a portion of the higher costs to customers, favorable pricing environments, and utilizing recycled materials. We have also implemented cost control measures across our global operations, including a focus on employment, professional services, and travel costs. There is no assurance that we will continue to be able to mitigate these higher costs in the future.

Our management administers an Enterprise Risk Management ("ERM") program, which is a comprehensive risk assessment and mitigation process that identifies and addresses all known current and potential material risks to Novelis' global operations, including legal and regulatory risks. The ERM team is led by an executive officer who delivers an ERM report to the Audit Committee of our Board at least quarterly. The ERM team meets with or interviews approximately 80 employees each quarter to stay abreast of the latest risks we face. Throughout the escalation of the Russia-Ukraine conflict, our ERM team has monitored developments and gathered information about Novelis contacts with Russian businesses. Novelis' direct exposure to the conflict has been limited, as we have no operations, assets, or employees in either Russia or Ukraine, and we have only immaterial customer relationships in these countries historically. Sanctions, tariffs, a ban, or similar actions impacting the supply of Russian aluminum could disrupt global aluminum supply. While one of our suppliers of metal is UC Rusal PLC ("Rusal"), a Russian aluminum company, we purchase metal from a diverse global portfolio of metal suppliers and are not dependent on Rusal for a significant portion of our metal supply. The ERM team also monitors other potential impacts of Russia's invasion of Ukraine, including impacts on the reliability of energy supplies to our European manufacturing sites and supply chain disruptions. This information is presented to, and discussed with, the Audit Committee of our Board at least quarterly, with interim updates from our executive leadership as our Board may require. In addition, we manage sanctions compliance through a global sanctions screening program, and our Information Security team monitors cybersecurity matters and makes periodic reports at meetings of our Board.

We believe that global long-term demand for aluminum rolled products remains strong, driven by anticipated economic growth, material substitution, and sustainability considerations, including increased environmental awareness around polyethylene terephthalate ("PET") plastics. However, we are seeing reduced can sheet demand in the near term attributed to the beverage packaging industry reducing their excess inventory as supply chains improve and markets adjust to a more moderated level of can demand post-COVID-19 pandemic.

Increasing customer preference for sustainable packaging options, and package mix shift toward infinitely recyclable aluminum are driving higher demand for aluminum beverage packaging worldwide. To support growing demand for aluminum beverage can sheet in North America, we broke ground on a 600 kt capacity greenfield rolling and recycling plant in Bay Minette, Alabama, in October 2022. We plan to allocate more than half of this plant's capacity for the production of beverage can sheet. We continue to evaluate opportunities for additional capacity expansion across regions where local can sheet supply is insufficient to meet the rise in demand.

We believe that long-term demand for aluminum automotive sheet will continue to grow, which drove our recently completed investments in automotive sheet finishing capacity in Guthrie, Kentucky, and Changzhou, China. This demand has been primarily driven by the benefits that result from using lightweight aluminum in vehicle structures and components, as automakers respond to stricter government regulations regarding emissions and fuel economy, while maintaining or improving vehicle safety and performance, resulting in increased competition with high-strength steel. We are also seeing increased demand for aluminum for electric vehicles, as aluminum's lighter weight can result in extended battery range.

We expect long-term demand for building and construction and other specialty products to grow due to increased customer preference for lightweight, sustainable materials and demand for aluminum plate in Asia to grow driven by the development and expansion of industries serving aerospace, rail, and other technically demanding applications.

Demand for aerospace aluminum plate and sheet has strengthened as air-travel demand has recovered toward pre-COVID levels. In the longer-term, we believe significant aircraft industry order backlogs for key OEMs, including Airbus and Boeing, will translate into growth in the future and that our multi-year supply agreements have positioned us to benefit from future expected demand.

We believe the long-term demand trends for flat-rolled aluminum products remain strong, and we have identified more than $4.5 billion of potential organic capital investment opportunities to grow Novelis' business through debottlenecking, recycling, and new capacity investments, focused on increasing capacity and capabilities that meet growing customer demand and align with our sustainability commitments. We intend to fund these organic growth investments from internally generated cash flows, and, as such, are pacing capital investments and prioritizing specific investments of approximately $3.3 billion that are already under way.

Environmental, Social & Governance

In April 2021, we announced that we will further our longstanding sustainability commitment by aiming to become a carbon neutral company by 2050 or sooner, with an interim goal to reduce our carbon footprint by 30% by 2026, from our baseline of fiscal 2016. Carbon goals are inclusive of Scope 1 and 2, as well as Scope 3 emissions in categories 1 and 4 of the Greenhouse Gas Protocol. In addition, we have targets to reduce waste to landfills by 20%, energy intensity by 10%, and water intensity by 10%, each by 2026, from our baseline of fiscal 2020.

We plan to increase the use of recycled content in our products, as appropriate, and engage with customers, suppliers, and industry peers across the value chain as we aim to drive innovation that improves aluminum's overall sustainability. In addition, we intend to evaluate each future expansion project's carbon impact and plan to include an appropriate carbon cost impact as part of our financial evaluation of future strategic growth investments so that we may appropriately mitigate any negative carbon impacts to meet our goals.

In support of our commitments, we are voluntarily pursuing the certification of all of our plant operations to the Aluminum Stewardship Initiatives' ("ASI") certification program. ASI works together with producers, users, and stakeholders in the aluminum value chain to collaboratively foster responsible production, sourcing, and stewardship of aluminum. Currently, we have 19 plants with both the Performance Standard Certification and the Chain of Custody Certification. In addition, to support our initiatives, in April 2021 we issued €500 million in aggregate principal amount of senior notes. We intend to allocate an amount equal to the net proceeds of these notes to eligible "green" projects, such as investments in renewable energy and pollution prevention and control projects. Through March 31, 2023, we have allocated $280 million of the net proceeds to such projects.

Our path to a more sustainable and circular future goes beyond our environmental commitments. We have set targets to be a more diverse and inclusive workforce that reflects our local communities. Globally, we are dedicated to increasing the representation of women in senior leadership, as well as in technical roles. To achieve these goals, the Company has established a global Diversity & Inclusion board of directors, as well as supporting councils in each of our four regions. We will also continue assisting our Employee Resource Groups to help create a more inclusive environment where we seek to provide our employees with a sense of belonging and where different backgrounds and perspectives are embraced and valued.

We are also committed to supporting the communities in which our employees live and work. With firmly established community engagement programs, the Company is committed to advancing its corporate social responsibility efforts by further investing in the Novelis Neighbor program, which gives back to communities through financial contributions and employee volunteer service. The program will continue emphasizing STEM education, recycling education, and community development.

Liquidity Position

We believe we have adequate liquidity to manage the business with dynamic metal prices. Our cash and cash equivalents and availability under committed credit facilities aggregated to $2.4 billion of liquidity as of June 30, 2023.

We maintain a disciplined approach to capital spending, prioritizing maintenance capital for our operations, and organic strategic capacity expansion projects. We are taking a prudent approach to phasing the timing of transformational organic investment spend, and we expect capital expenditures for fiscal 2024 to be in the range of approximately $1.6 to $1.9 billion, as spending for a number of announced strategic capital projects is now ramping up. This current guidance includes approximately $300 million for expected maintenance spend.

Market Trends

Beverage Packaging. Can stock shipments represent the largest percentage of our total rolled product shipments. We estimate demand for can stock will increase at a global compound annual growth rate of approximately 3% from calendar year 2022 to 2031 mainly driven by sustainability trends, growth in beverage markets that increasingly use aluminum packaging, and substitution from plastic, glass, and steel. However, we have recently seen reduced can sheet demand, which began during the middle of fiscal year 2023 and has continued into early fiscal 2024. We attribute this reduced can sheet demand to the beverage packaging industry reducing excess inventory previously stocked in response to unreliable supply chains and unprecedented high level of can demand during the COVID-19 pandemic, as well as low promotional activity at retailers. We anticipate demand will begin to recover over the next couple of quarters as we believe industry inventory levels have now largely normalized and typical promotional activity is beginning to resume.

Automotive. We believe aluminum utilization is positioned for long-term growth through increased adoption of electric vehicles, which utilize higher amounts of aluminum. We estimate global automotive aluminum sheet demand will grow at an 11% compound annual growth rate between calendar year 2023 and 2028. Easing supply chain challenges and pent-up consumer demand increasing vehicle levels is supporting strong near-term demand for automotive aluminum sheet.

Aerospace. Passenger air travel continues to increase facilitating a faster than anticipated recovery for the aerospace industry post-pandemic. We expect demand for aerospace aluminum plate and sheet to continue to grow driven by increased air traffic and a need for fleet modernization.

Specialties. Specialties includes diverse markets, including building and construction, commercial transportation, foil and packaging, and commercial and consumer products. These industries continue to increase aluminum material adoption due to its many desirable characteristics. We believe these trends will keep demand high in the long-term, despite the near-term economic headwinds impacting demand for building and construction and some industrial products.

BUSINESS MODEL AND KEY CONCEPTS

Conversion Business Model

A significant amount of our business is conducted under a conversion model, which allows us to pass through increases or decreases in the price of aluminum to our customers. Nearly all of our flat-rolled products have a price structure with three components: (1) a base aluminum price quoted off the LME; (2) an LMP; and (3) a "conversion premium" to produce the rolled product, which reflects, among other factors, the competitive market conditions for that product. Base aluminum prices are typically driven by macroeconomic factors and global supply and demand for aluminum. LMPs tend to vary based on the supply and demand for metal in a particular region and associated transportation costs.

In North America, Europe, and South America, we pass through LMPs to our customers, which are recorded through net sales. In Asia, we purchase our metal inputs based on the LME and incur an LMP. Many of our competitors in this region price their metal off the Shanghai Futures Exchange, which does not include an LMP. However, in a majority of new contracts over the last several quarters, we are able to fully pass through the LMPs.

LME Base Aluminum Prices and Local Market Premiums

The average (based on the simple average of the monthly averages) and closing prices for aluminum set on the LME are as follows.

	Three Months Ended June 30,		
	2023	2022	Percent Change
Aluminum (per metric tonne, and presented in U.S. dollars):			
Closing cash price as of beginning of period	$ 2,337	$ 3,503	(33)%
Average cash price during the period	2,263	2,882	(21)
Closing cash price as of end of period	2,097	2,397	(13)

The weighted average LMPs are as follows.

	Three Months Ended June 30,		
	2023	2022	Percent Change
Weighted average LMP (per metric tonne and presented in U.S. dollars)	$ 368	$ 526	(30)%

Metal Price Lag and Related Hedging Activities

Increases or decreases in the price of aluminum based on the average LME base aluminum prices and LMPs directly impact net sales, cost of goods sold (exclusive of depreciation and amortization), and working capital. The timing of these impacts varies based on contractual arrangements with customers and metal suppliers in each region. These timing impacts are referred to as metal price lag. Metal price lag exists due to: (i) the period of time between the pricing of our purchases of metal, holding and processing the metal, and the pricing of the sale of finished inventory to our customers and (ii) certain customer contracts containing fixed forward price commitments, which result in exposure to changes in metal prices for the period of time between when our sales price fixes and the sale actually occurs.

We use LME aluminum forward contracts to preserve our conversion margins and manage the timing differences associated with the LME base metal component of net sales and cost of goods sold (exclusive of depreciation and amortization). These derivatives directly hedge the economic risk of future LME base metal price fluctuations to better match the purchase price of metal with the sales price of metal. We have exposure to multiple regional LMPs, however the derivative markets for those LMPs are generally not robust or efficient enough for us to hedge all of our exposure to price movements beyond a small volume. From time to time, we take advantage of short-term market conditions to hedge a small percentage of our exposure. As a consequence, volatility in LMPs can have a significant impact on our results of operations and cash flows.

We elect to apply hedge accounting to better match the recognition of gains or losses on certain derivative instruments with the recognition of the underlying exposure being hedged in the statement of operations. For undesignated metal derivatives, there are timing differences between the recognition of unrealized gains or losses on the derivatives and the recognition of the underlying exposure in the statement of operations. The recognition of unrealized gains and losses on undesignated metal derivative positions typically precedes inventory cost recognition, customer delivery, and revenue recognition. The timing difference between the recognition of unrealized gains and losses on undesignated metal derivatives and cost or revenue recognition impacts income from continuing operations before income tax provision and net income.

Foreign Currency and Related Hedging Activities

We operate a global business and conduct business in various currencies around the world. We have exposure to foreign currency risk as fluctuations in foreign exchange rates impact our operating results when we translate the operating results from various functional currencies into our U.S. dollar reporting currency at current average rates. We also record foreign exchange remeasurement gains and losses when business transactions are denominated in currencies other than the functional currency of that operation. Global economic uncertainty is contributing to higher levels of volatility among the currency pairs in which we conduct business. The following table presents the exchange rates as of the end of each period and the average of the month-end exchange rates.

	Exchange Rate as of		Average Exchange Rate Three Months Ended June 30,	
	June 30, 2023	March 31, 2023	2023	2022
Euro per U.S. dollar	0.916	0.920	0.920	0.946
Brazilian real per U.S. dollar	4.819	5.080	4.972	4.962
South Korean won per U.S. dollar	1,313	1,304	1,325	1,269
Canadian dollar per U.S. dollar	1.323	1.354	1.346	1.277
Swiss franc per euro	0.976	0.993	0.978	1.017

Exchange rate movements have an impact on our operating results. In Europe, where we predominantly have local currency selling prices and operating costs, we benefit as the euro strengthens but are adversely affected as the euro weakens. For our Swiss operations, where operating costs are incurred primarily in the Swiss franc and a large portion of revenues are denominated in the euro, we benefit as the Swiss franc weakens but are adversely affected as the franc strengthens. In South Korea, where we have local currency operating costs and U.S. dollar denominated selling prices for exports, we benefit as the South Korean won weakens but are adversely affected as the won strengthens. In Brazil, where we have predominately U.S. dollar selling prices and local currency manufacturing costs, we benefit as the Brazilian real weakens but are adversely affected as the real strengthens. We use foreign exchange forward contracts to manage our exposure arising from recorded assets and liabilities, firm commitments, and forecasted cash flows denominated in currencies other than the functional currency of certain operations, which include capital expenditures and net investment in foreign subsidiaries.

See *Segment Review* below for the impact of foreign currency on each of our segments.

RESULTS OF OPERATIONS

For the three months ended June 30, 2023, we reported net income attributable to our common shareholder of $156 million, a decrease of 49% compared to $307 million in the comparable prior year period, and total Adjusted EBITDA of $421 million, a decrease of 25% compared to $561 million in the comparable prior year period. The decrease in operational performance compared to the comparable prior year period is primarily driven by lower shipments, cost inflation, and less favorable metal benefit from recycling. These headwinds were partially offset by favorable product mix, and higher pricing including some cost pass-through to customers.

Key Sales and Shipment Trends

in millions, except percentages and shipments, which are in kt	Three Months Ended June 30, 2022	Three Months Ended September 30, 2022	Three Months Ended December 31, 2022	Three Months Ended March 31, 2023	Fiscal Year Ended March 31, 2023	Three Months Ended June 30, 2023
Net sales	$ 5,089	$ 4,799	$ 4,201	$ 4,397	$ 18,486	$ 4,091
Percentage (decrease) increase in net sales versus comparable prior year period	32 %	17 %	(3)%	(9)%	8 %	(20)%
Rolled product shipments:						
North America	386	386	380	363	1,515	370
Europe	272	268	242	248	1,030	250
Asia	185	208	141	187	721	176
South America	148	162	162	144	616	119
Eliminations	(29)	(40)	(17)	(6)	(92)	(36)
Total	962	984	908	936	3,790	879
The following summarizes the percentage (decrease) increase in rolled product shipments versus the comparable prior year period:						
North America	8 %	3 %	6 %	(3)%	3 %	(4)%
Europe	(3)	3	(5)	(9)	(3)	(8)
Asia	(4)	6	(18)	(8)	(6)	(5)
South America	(6)	10	3	(8)	—	(20)
Total	(1)%	2 %	(2)%	(5)%	(2)%	(9)%

Three Months Ended June 30, 2023, Compared to the Three Months Ended June 30, 2022

Net sales was $4.1 billion for the three months ended June 30, 2023, a decrease of 20% from $5.1 billion in the comparable prior year period, primarily driven by lower average aluminum prices, and a 9% decrease in shipments, partially offset by higher pricing across end markets and a favorable product mix from higher automotive shipments.

Income from continuing operations before income tax provision was $210 million for the three months ended June 30, 2023, a decrease of 47% from $394 million in the comparable prior year period. In addition to the factors noted above, the following items affected income from continuing operations before income tax provision.

Cost of Goods Sold (Exclusive of Depreciation and Amortization)

Cost of goods sold (exclusive of depreciation and amortization) was $3.5 billion for the three months ended June 30, 2023, a decrease of 18% from $4.3 billion in the comparable prior year period, primarily due to lower average aluminum prices and lower shipments. Total metal input costs included in cost of goods sold (exclusive of depreciation and amortization) decreased $762 million over the comparable prior year period.

Selling, General and Administrative Expenses

SG&A was $174 million for the three months ended June 30, 2023, compared to $164 million for the three months ended June 30, 2022. The increase is mainly due to higher employment costs.

Depreciation and Amortization

Depreciation and amortization was $131 million and $138 million in the three months ended June 30, 2023, and 2022, respectively.

Interest Expense and Amortization of Debt Issuance Costs

Interest expense and amortization of debt issuance costs was $77 million and $58 million for the three months ended June 30, 2023, and 2022, respectively. The increase is primarily due to higher average interest rates on variable interest rate borrowings.

Restructuring and Impairment Expenses (Reversals), Net

Restructuring and impairment expenses, net was a net expense of $3 million and $1 million for the three months ended June 30, 2023 and 2022, respectively.

Other (Income) Expense, Net

Other (income) expenses, net was income of $27 million and an expense of $50 million for the three months ended June 30, 2023, and 2022, respectively. The change primarily relates to gains on the change in fair value of derivative instruments, net in the current period compared to losses in the prior year period.

Taxes

We recognized $54 million of income tax expense for the three months ended June 30, 2023. Our effective tax rate was primarily driven by the full-year forecasted effective tax rate that takes into account income taxed at rates that differ from the 25% Canadian rate, including withholding taxes and changes to the Brazilian real foreign exchange rate, offset by the availability of tax credits and income not subject to tax. We recognized $87 million of income tax expense in the comparable prior year period.

Segment Review

Due in part to the regional nature of supply and demand of aluminum rolled products and in order to best serve our customers, we manage our activities on the basis of geographical regions and are organized under four operating segments: North America, Europe, Asia, and South America.

The tables below illustrate selected segment financial information (in millions, except shipments, which are in kt). For additional financial information related to our operating segments including the reconciliation of net income attributable to our common shareholder to Adjusted EBITDA, see Note 15 – Segment, Geographical Area, Major Customer and Major Supplier Information. In order to reconcile the financial information for the segments shown in the tables below to the relevant U.S. GAAP-based measures, "Eliminations and Other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP purposes. However, we manage our Logan affiliate on a proportionately consolidated basis and eliminate intersegment shipments (in kt).

Selected Operating Results Three Months Ended June 30, 2023	**North America**	**Europe**	**Asia**	**South America**	**Eliminations and Other**	**Total**
Net sales	$ 1,732	$ 1,181	$ 669	$ 529	$ (20)	$ 4,091
Shipments (in kt):						
Rolled products – third party	370	245	153	111	—	879
Rolled products – intersegment	—	5	23	8	(36)	—
Total rolled products	370	250	176	119	(36)	879
Non-rolled products	4	27	9	29	1	70
Total shipments	374	277	185	148	(35)	949

Selected Operating Results Three Months Ended June 30, 2022	**North America**	**Europe**	**Asia**	**South America**	**Eliminations and Other**	**Total**
Net sales	$ 2,096	$ 1,394	$ 858	$ 826	$ (85)	$ 5,089
Shipments (in kt):						
Rolled products – third party	386	265	164	147	—	962
Rolled products – intersegment	—	7	21	1	(29)	—
Total rolled products	386	272	185	148	(29)	962
Non-rolled products	3	28	6	37	(13)	61
Total shipments	389	300	191	185	(42)	1,023

The following table reconciles changes in Adjusted EBITDA for the three months ended June 30, 2022, to the three months ended June 30, 2023.

in millions	North America	Europe	Asia	South America	Eliminations and Other[1]	Total
Adjusted EBITDA - Three Months Ended June 30, 2022	$ 227	$ 84	$ 94	$ 156	$ —	$ 561
Volume	(19)	(27)	(9)	(31)	(9)	(95)
Conversion premium and product mix	40	51	(14)	(8)	22	91
Conversion costs	(85)	(30)	4	(32)	(14)	(157)
Foreign exchange	1	2	8	(5)	(1)	5
Selling, general & administrative and research & development costs[2]	(12)	(4)	1	6	—	(9)
Other changes	14	12	3	(2)	(2)	25
Adjusted EBITDA - Three Months Ended June 30, 2023	$ 166	$ 88	$ 87	$ 84	$ (4)	$ 421

(1) The recognition of Adjusted EBITDA by a region on an intersegment shipment could occur in a period prior to the recognition of Adjusted EBITDA on a consolidated basis, depending on the timing of when the inventory is sold to the third-party customer. The "Eliminations and Other" column adjusts regional Adjusted EBITDA for intersegment shipments that occur in a period prior to recognition of Adjusted EBITDA on a consolidated basis. The "Eliminations and Other" column also reflects adjustments for changes in regional volume, conversion premium and product mix, and conversion costs related to intersegment shipments for consolidation. In order to reconcile the financial information for the segments shown in the tables above to the relevant U.S. GAAP-based measures, "Eliminations and Other" must adjust for proportional consolidation of each line item for our Logan affiliate because we consolidate 100% of the Logan joint venture for U.S. GAAP purposes. However, we manage our Logan affiliate on a proportionately consolidated basis and eliminate intersegment shipments (in kt).

(2) Selling, general & administrative and research & development costs include costs incurred directly by each segment and all corporate related costs.

North America

Net sales decreased $364 million, or 17%, primarily driven by lower average aluminum prices and lower can and specialty shipments, mainly in building and construction, due to softer market demand, partially offset by higher automotive shipments compared to the prior year due to strong demand from automotive OEMs. Adjusted EBITDA was $166 million, a decrease of 27%, primarily driven by lower volume, higher operating costs, and less favorable metal benefit, partially offset by favorable product mix due to higher automotive shipments and higher product prices.

Europe

Net sales decreased $213 million, or 15%, primarily driven by lower average aluminum prices, and lower can and specialty shipments, mainly in building and construction, due to softer market demand, partially offset by higher automotive shipments compared to the prior year due to strong demand from automotive OEMs. Adjusted EBITDA was $88 million, an increase of 5%, primarily driven by higher product prices, largely offset by lower volume and less favorable metal benefit.

Asia

Net sales decreased $189 million, or 22%, primarily driven by lower average aluminum prices and lower can shipments due to softer market demand, partially offset by slightly higher automotive and specialty shipments. Adjusted EBITDA was $87 million, a decrease of 7%, primarily driven by lower volume and less favorable metal benefit, partially offset by higher product pricing and favorable foreign exchange. Additionally, we incurred lower freight costs compare to prior year period, which in turn resulted in a lower freight cost pass through in price to customers.

South America

Net sales decreased $297 million, or 36%, primarily driven by lower average aluminum prices and lower can shipments. Adjusted EBITDA was $84 million, a decrease of 46%, primarily driven by lower volume and less favorable metal benefit.

LIQUIDITY AND CAPITAL RESOURCES

We believe we maintain adequate liquidity levels through a combination of cash and availability under committed credit facilities. Our cash and cash equivalents and availability under committed credit facilities aggregated to $2.4 billion of liquidity as of June 30, 2023. Our primary liquidity sources are cash flows from operations, working capital management, cash, and liquidity under our debt agreements. Our recent business investments are being funded through cash flows generated by our operations and a combination of local financing and our senior secured credit facilities. We expect to be able to fund both our short- and long-term liquidity needs, such as our continued expansions, servicing our debt obligations, and providing sufficient liquidity to operate our business, through one or more of the following: the generation of operating cash flows, working capital management, our existing debt facilities (including refinancing), and new debt issuances, as necessary.

Available Liquidity

Our available liquidity as of June 30, 2023, and March 31, 2023, is as follows.

in millions	June 30, 2023	March 31, 2023
Cash and cash equivalents	$ 1,041	$ 1,498
Availability under committed credit facilities	1,403	1,101
Total available liquidity	$ 2,444	$ 2,599

The decrease in total available liquidity primarily relates to the decrease in cash and cash equivalents, primarily resulting from investing activities during the period, partially offset by an increase in availability under our ABL Revolver facility due to a decrease in the amount outstanding under the same facility and an increase in the borrowing base compared to prior period. See Note 5 – Debt for more details about our availability under committed credit facilities.

Cash and cash equivalents includes cash held in foreign countries in which we operate. As of June 30, 2023, we held $24 million of cash and cash equivalents in Canada, in which we are incorporated, with the rest held in other countries in which we operate. As of June 30, 2023, we held $570 million of cash in jurisdictions for which we have asserted that earnings are permanently reinvested, and we plan to continue to fund operations and local expansions with cash held in those jurisdictions. Cash held outside of Canada is free from significant restrictions that would prevent the cash from being accessed to meet the Company's liquidity needs, including, if necessary, to fund operations and service debt obligations in Canada. Upon the repatriation of any earnings to Canada, in the form of dividends or otherwise, we could be subject to Canadian income taxes (subject to adjustment for foreign taxes paid and the utilization of the large cumulative net operating losses we have in Canada) and withholding taxes payable to the various foreign jurisdictions. As of June 30, 2023, we do not believe adverse tax consequences exist that restrict our use of cash and cash equivalents in a material manner.

We use derivative contracts to manage risk as well as liquidity. Under our terms of credit with counterparties to our derivative contracts, we do not have any material margin call exposure. No material amounts have been posted by Novelis nor do we hold any material amounts of margin posted by our counterparties. We settle derivative contracts in advance of billing on the underlying physical inventory and collecting payment from our customers, which temporarily impacts our liquidity position. The lag between derivative settlement and customer collection typically ranges from 30 to 90 days.

Obligations

Our material cash requirements include future contractual and other obligations arising in the normal course of business. These obligations primarily include debt and related interest payments, finance and operating lease obligations, postretirement benefit plan obligations, and purchase obligations. See Note 5 – Debt to our accompanying condensed consolidated financial statements and "Liquidity and Capital Resources" within Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K for more details.

There are no additional material off-balance sheet arrangements.

Cash Flow Summary

in millions	Three Months Ended June 30, 2023	2022	Change
Net cash (used in) provided by operating activities	$ (32)	$ 43	$ (75)
Net cash used in investing activities	(317)	(120)	(197)
Net cash (used in) provided by financing activities	(100)	76	(176)

Operating Activities

The decrease in net cash (used in) provided by operating activities primarily relates to lower Adjusted EBITDA, partially offset by changes in working capital.

Adjusted Free Cash Flow

Refer to Non-GAAP Financial Measures for our definition of Adjusted Free Cash Flow.

The following table displays the Adjusted Free Cash Flow, the change between periods, as well as the ending balances of cash and cash equivalents.

in millions	Three Months Ended June 30, 2023	2022	Change
Net cash (used in) provided by operating activities – continuing operations	$ (32)	$ 44	$ (76)
Net cash used in investing activities – continuing operations	(317)	(120)	(197)
Plus: Cash used in the acquisition of business and other investments, net of cash acquired	—	4	(4)
Adjusted Free Cash Flow from continuing operations	(349)	(72)	(277)
Net cash used in operating activities – discontinued operations	—	(1)	1
Adjusted Free Cash Flow	$ (349)	$ (73)	$ (276)
Ending cash and cash equivalents	$ 1,041	$ 1,037	$ 4

Investing Activities

Net cash used in investing activities was primarily attributable to capital expenditures of $333 million during the three months ended June 30, 2023.

Financing Activities

The following represents proceeds from the issuance of long-term and short-term borrowings during the three months ended June 30, 2023. There were no proceeds from the issuance of long-term and short-term borrowings during the three months ended June 30, 2022.

in millions	Three Months Ended June 30, 2023
Short-term borrowings in Brazil	$ 50
Proceeds from issuance of long-term and short-term borrowings	$ 50

The following represents principal payments of long-term and short-term borrowings during the three months ended June 30, 2023, and 2022.

in millions	Three Months Ended June 30, 2023
Brazil Loan, due June 2023	$ (30)
Floating rate Term Loans, due January 2025	(2)
Floating rate Term Loans, due March 2028	(1)
Finance leases and other repayments	(2)
Principal payments of long-term and short-term borrowings	$ (35)

in millions	Three Months Ended June 30, 2022
Short-term loans due November 2022	$ (101)
Floating rate Term Loans, due January 2025	(2)
Floating rate Term Loans, due March 2028	(1)
Finance leases and other repayments	(3)
Principal payments of long-term and short-term borrowings	$ (107)

The following represents inflows (outflows) from revolving credit facilities and other, net during the three months ended June 30, 2023, and 2022.

in millions	Three Months Ended June 30, 2023
ABL Revolver	$ (86)
China credit facility	(29)
Korea credit facility	(1)
Other revolving facilities	1
Revolving credit facilities and other, net	$ (115)

in millions	Three Months Ended June 30, 2022
ABL Revolver	$ 179
Korea credit facility	3
Other revolving facilities	1
Revolving credit facilities and other, net	$ 183

Non-Guarantor Information

As of June 30, 2023, the Company's subsidiaries that are not guarantors represented the following approximate percentages of (a) net sales (including intercompany sales), (b) Adjusted EBITDA, and (c) total assets of the Company, on a consolidated basis (including intercompany balances).

Item Description	Ratio
Net sales represented by non-guarantor subsidiaries (for the three months ended June 30, 2023)	19 %
Adjusted EBITDA represented by non-guarantor subsidiaries (for the three months ended June 30, 2023)	20 %
Assets owned by non-guarantor subsidiaries (as of June 30, 2023)	14 %

In addition, for the three months ended June 30, 2023, and 2022, the Company's subsidiaries that are not guarantors had net sales (including intercompany sales) of $912 million and $1.1 billion, respectively, and as of June 30, 2023, those subsidiaries had assets of $3.0 billion and debt and other liabilities of $1.6 billion (including intercompany balances).

CAPITAL ALLOCATION FRAMEWORK

In May 2021, Novelis announced a capital allocation framework that laid out the general guidelines for use of post-maintenance capital expenditure Adjusted Free Cash Flow for the next five years. The priority at that time was to reduce long-term debt by $2.6 billion from its recent peak in the first quarter of fiscal 2021 after the Aleris acquisition and to target a net leverage ratio of approximately 2.5x. Having achieved both targets by the end of fiscal 2022, the priority has now shifted to organic growth capital expenditures. We believe the long-term demand trends for flat-rolled aluminum products remain strong, and we have identified more than $4.5 billion of potential organic capital investment opportunities to grow Novelis' business through debottlenecking, recycling, and new capacity investments, focused on increasing capacity and capabilities that meet growing customer demand and align with our sustainability commitments. We intend to fund these organic growth investments from internally generated cash flows, and, as such, are pacing capital investments and prioritizing specific investments of approximately $3.3 billion that are already under way. We intend to maintain a medium-term net leverage ratio in a range around 2.5x, and continue to guide approximately 8%-10% of post-maintenance capital expenditure Adjusted Free Cash Flow to be returned to our common shareholder. Payments to our common shareholder are at the discretion of our Board of Directors. Any such payments depend on, among other things, our financial resources, cash flows generated by our business, our cash requirements, restrictions under the instruments governing our indebtedness, being in compliance with the appropriate indentures and covenants under the instruments that govern our indebtedness, and other relevant factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There were no significant changes to our critical accounting policies and estimates as reported in our 2023 Form 10-K. See Note 1 – Business and Summary of Significant Accounting Policies for our principal areas of uses of estimates and assumptions.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 1 – Business and Summary of Significant Accounting Policies to our accompanying condensed consolidated financial statements for a full description of recent accounting pronouncements, if applicable, including the respective expected dates of adoption and expected effects on results of operations and financial condition.

NON-GAAP FINANCIAL MEASURES

Total Adjusted EBITDA presents the sum of the results of our four operating segments on a consolidated basis. We believe that total Adjusted EBITDA is an operating performance measure that measures operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies. In reviewing our corporate operating results, we also believe it is important to review the aggregate consolidated performance of all of our segments on the same basis we review the performance of each of our regions and draw comparisons between periods based on the same measure of consolidated performance.

Management believes investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations from one period to the next and would ordinarily add back items that are not part of normal day-to-day operations of our business. By providing total Adjusted EBITDA, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing strategic initiatives.

However, total Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP, and our total Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Total Adjusted EBITDA has important limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. For example, total Adjusted EBITDA:

- does not reflect the Company's cash expenditures or requirements for capital expenditures or capital commitments;
- does not reflect changes in, or cash requirements for, the Company's working capital needs; and
- does not reflect any costs related to the current or future replacement of assets being depreciated or amortized.

We also use total Adjusted EBITDA:

- as a measure of operating performance to assist us in comparing our operating performance on a consistent basis because it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budgets and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- as a basis to calculate incentive compensation payments for our key employees.

Adjusted EBITDA per tonne is calculated by dividing Adjusted EBITDA by aluminum rolled product shipments (in tonnes) for the corresponding period, both on a consolidated basis and at a segment level. The term "aluminum rolled products" is synonymous with the terms "flat-rolled products" and "FRP," which are commonly used by manufacturers and third-party analysts in our industry. Shipment amounts also include tolling shipments. All tonnages are stated in metric tonnes. One metric tonne is equivalent to 2,204.6 pounds. One kt is 1,000 metric tonnes.

Management believes Adjusted EBITDA per tonne is relevant to investors as it provides a measure of aluminum rolled product shipments to third parties rather than aluminum rolled product shipments as well as certain other non-rolled product shipments, primarily scrap, UBCs, ingots, billets, and primary remelt. This is useful to investors because the incremental impact of non-rolled products shipments on our Adjusted EBITDA is marginal since the price of these products is generally set to cover the costs of raw materials not utilized in manufacturing products sold to beverage packaging customers, specialties and aerospace customers in our regions, and these non-rolled products are not part of our core operating business.

Please see Note 15 – Segment, Geographical Area, Major Customer and Major Supplier Information for our definition of Adjusted EBITDA. Under ASC 280, Adjusted EBITDA is our measure of segment profitability and financial performance of our operating segments, and when used in this context, the term Adjusted EBITDA is a financial measure prepared in accordance with U.S. GAAP. Adjusted EBITDA reported for the Company on a consolidated basis is a non-U.S. GAAP financial measure. Prior to the three months ended June 30, 2022, we also utilized the term Segment Income to refer to Adjusted EBITDA. Both terms have the same definition and there is no difference in the composition or calculation of Adjusted EBITDA for the periods presented and Segment Income previously reported.

Adjusted Free Cash Flow consists of (a) net cash provided by (used in) operating activities – continuing operations, (b) plus net cash provided by (used in) investing activities – continuing operations, (c) plus net cash provided by (used in) operating activities – discontinued operations, (d) plus net cash provided by (used in) investing activities – discontinued operations, (e) plus cash used in the acquisition of assets under a finance lease, (f) plus cash used in the acquisition of business and other investments, net of cash acquired, (g) plus accrued merger consideration, (h) less proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging, and (i) less proceeds from sales of assets and business, net of transaction fees, cash income taxes and hedging – discontinued operations. Management believes Adjusted Free Cash Flow is relevant to investors, as it provides a measure of the cash generated internally that is available for debt service and other value creation opportunities. In addition, this measure is a key consideration in determining the amounts to be paid as returns to our common shareholder. However, Adjusted Free Cash Flow does not necessarily represent cash available for discretionary activities as certain debt service obligations must be funded out of Adjusted Free Cash Flow. Our method of calculating Adjusted Free Cash Flow may not be consistent with that of other companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND MARKET DATA

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industry in which we operate, and beliefs and assumptions made by our management. Such statements include, in particular, statements about our plans, strategies, and prospects under the heading "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," under the Notes to the Condensed Consolidated Financial Statements, and elsewhere in this Quarterly Report. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," and variations of such words and similar expressions are intended to identify such forward-looking statements. Examples of forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, our belief that, the expected timing and results from investments in certain operating facilities, including our greenfield, fully-integrated rolling and recycling mill currently being built in Bay Minette, Alabama; our projections regarding financial performance, liquidity, capital expenditures, and investments; and the possible future impacts of the COVID-19 variants or any other epidemic or pandemic and the actions taken against them, including expectations about the impact of any changes in demand as well as volatility and uncertainty in general economic conditions; the possible future impacts of geopolitical instability due in part to the Russia-Ukraine conflict; statements about our belief that long-term demand for aluminum automotive sheet will continue to grow; statements about our expectation that aerospace demand and shipments will continue to grow driven by increased air traffic and a need for fleet modernization; statements about our belief that significant aircraft industry order backlogs for key OEMS, including Airbus and Boeing, will translate into growth in the future and that our multi-year supply agreements have positioned us to benefit from future expected demand; statements about our belief that long term demand for flat-rolled aluminum remains strong; and statements about our expectation that long-term demand for building and construction and other specialty products will grow. These statements are based on beliefs and assumptions of Novelis' management, which in turn are based on currently available information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied, or forecasted in such forward-looking statements. We do not intend, and we disclaim any obligation, to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements include, among other things:

- disruptions or changes in the business or financial condition of our significant customers or the loss of their business or reduction in their requirements;
- price and other forms of competition from other aluminum rolled products producers and potential new market entrants;
- competition in our end-markets, and the willingness of our customer to accept substitutes for our products, including steel, plastics, composite materials and glass;
- our inability to realize the anticipated benefits of strategic investments;
- increases in the cost of volatility in the availability of primary aluminum, scrap aluminum, sheet ingot, or other raw materials used in the production of our products;
- rises in energy costs or disruptions to our energy supplies;
- downturns in the automotive and ground transportation industries or changes in consumer demand;
- public health crises, such as the recently experienced COVID-19 pandemic;
- union disputes and other employee relations issues;
- loss of our key management and other personnel, or an inability to attract and retain such management and other personnel;
- unplanned disruptions at our operating facilities;
- exposure to economic and political risk associated with our global operations;
- economic uncertainty, capital markets disruption and supply chain interruptions, including as a result of geopolitical instability due to the ongoing military conflict between Russia and Ukraine;
- risks relating to certain joint ventures, subsidiaries and assets that we do not entirely control;
- security breaches and other disruptions to our information technology networks and systems;
- increased freight costs on imported products;

- timing differences between the prices we pay under purchase contracts and metal prices we charge our customers;
- a deterioration of our financial condition, a downgrade of our ratings by a credit rating agency or other factors which could limit our ability to enter into, or increase our costs of, financing and hedging transactions;
- risks related to variable rate indebtedness, including interest rate risk;
- adverse changes in currency exchange rates;
- our inability to transact in derivative instruments, if our exposure to price fluctuations is not adequately hedged under derivative instruments, or if counterparties to our derivative instruments fail to honor their agreements;
- an adverse decline in the liability discount rate, lower-than-expected investment return on pension assets;
- impairments to our goodwill, other intangible assets and other long-lived assets;
- tax expense, tax liabilities or tax compliance costs;
- operating and financial restrictions imposed on us by the covenants in our credit facilities and the indentures governing our Senior Notes;
- our inability to protect our intellectual property, the confidentiality of our know-how, trade secrets, technology, and other proprietary information;
- risks related to our global operations, including the impact of complex and stringent laws and government regulations;
- global climate change or the legal, regulatory or market responses to such change;
- risks related to the broad range of environmental, health and safety laws and regulations to which we are subject, and any related exposure to substantial environmental, health and safety costs and liabilities;
- our failure to comply with laws and regulations and industry standards relating to privacy, data protection, advertising and consumer protection; and
- exposure to significant legal proceedings and investigations.

The above list of factors is not exhaustive.

This document also contains information concerning our markets and products generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which these markets and product categories will develop. These assumptions have been derived from information currently available to us and to the third-party industry analysts quoted herein. This information includes, but is not limited to, product shipments and share of production. Actual market results may differ from those predicted. We do not know what impact any of these differences may have on our business, our results of operations, financial condition, and cash flow. For a discussion of some of the specific factors that may cause Novelis' actual results or outcomes to differ materially from those projected in any forward-looking statements, refer to the factors discussed in Part I. Item 1A. Risk Factors and Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of our 2023 Form 10-K, as the same may be updated from time to time in our quarterly reports on Form 10-Q or in other reports which we from time to time file with the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in metal prices (primarily aluminum, copper, zinc, and LMPs), energy prices (electricity, natural gas, and diesel fuel), foreign currency exchange rates, and interest rates that could impact our results of operations and financial condition. We partially manage our exposure to energy prices by entering into fixed forward purchase contracts with energy providers, predominantly in Europe. We generally apply the normal purchase and normal sale scope exception to these contracts and do not record the contracts at fair value. These energy supply contracts are not derivatives but function as a risk management tool for fluctuating energy prices. We manage our exposure to other market risks through regular operating and financing activities and derivative financial instruments. We use derivative financial instruments as risk management tools only and not for speculative purposes.

Commodity Price Risks

Metal

The following table presents the estimated potential negative effect on the fair values of these derivative instruments as of June 30, 2023, given a 10% change in prices. Direction of the change in price corresponds with the direction that would cause a negative impact on the fair value of these derivative instruments.

in millions	**Change in Price**	**Change in Fair Value**
Aluminum	10 %	$ (171)
Copper	(10)	(1)
Zinc	(10)	(1)

Energy

The following table presents the estimated potential negative effect on the fair values of these derivative instruments as of June 30, 2023, given a 10% decline in prices for energy contracts.

in millions	**Change in Price**	**Change in Fair Value**
Natural gas	(10)%	$ (2)
Diesel fuel	(10)	(1)

Foreign Currency Exchange Risks

The following table presents the estimated potential negative effect on the fair values of these derivative instruments as of June 30, 2023, given a 10% change in rates. Direction of the change in exchange rate corresponds with the direction that would cause the change in exchange rate to negatively impact the fair value of these derivative instruments.

$ in millions	**Change in Exchange Rate**	**Change in Fair Value**
Currency measured against the U.S. dollar		
Brazilian real	(10)%	$ (20)
Euro	(10)	(33)
Korean won	(10)	(55)
Canadian dollar	(10)	(3)
British pound	(10)	(25)
Swiss franc	(10)	(47)
Chinese yuan	10	(4)

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, include controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls, however well-designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met.

We have carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon such evaluation, management has concluded that the Company's disclosure controls and procedures were effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party to litigation incidental to our business from time to time. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations, or cash flows. For additional information regarding litigation to which we are a party, see Note 14 – Commitments and Contingencies to our accompanying condensed consolidated financial statements.

Item 1A. Risk Factors.

See Part I. Item 1A. Risk Factors in our 2023 Form 10-K. There have been no material changes from the risk factors described in our 2023 Form 10-K.

Item 6. Exhibits.

Exhibit No.	Description
2.1	Arrangement Agreement by and among Hindalco Industries Limited, AV Aluminum Inc. and Novelis Inc., dated as of February 10, 2007 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed on February 13, 2007) (File No. 001-32312))
3.1	Certificate and Articles of Arrangement of Novelis Inc., dated as of September 1, 2022 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on September 6, 2022 (File No. 001-32312))
3.2	Novelis Inc. Amended and Restated Bylaws, adopted as of July 24, 2008 (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on July 25, 2008 (File No. 001-32312))
31.1	Section 301 Certification of Principal Executive Officer
31.2	Section 302 Certification of Principal Financial Officer
32.1	Section 906 Certification of Principal Executive Officer
32.2	Section 906 Certification of Principal Financial Officer
101.INS	XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NOVELIS INC.	
By:	/s/ Devinder Ahuja
	Devinder Ahuja Chief Financial Officer (Principal Financial Officer and Authorized Officer)
By:	/s/ Stephanie Rauls
	Stephanie Rauls Senior Vice President, Deputy Chief Financial Officer and Chief Accounting Officer (Principal Accounting Officer)

Date: August 3, 2023

Exhibit 31.1

Certification

I, Steven Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novelis Inc. (Novelis);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Steven Fisher

Steven Fisher
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

Exhibit 31.2

Certification

I, Devinder Ahuja, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Novelis Inc. (Novelis);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Devinder Ahuja

Devinder Ahuja
Chief Financial Officer
(Principal Financial Officer)

Date: August 3, 2023

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Quarterly Report on Form 10-Q for the period ended June 30, 2023 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Steven Fisher
Steven Fisher
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of Novelis Inc. (Novelis), hereby certifies that Novelis' Quarterly Report on Form 10-Q for the period ended June 30, 2023 (Report) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Novelis.

/s/ Devinder Ahuja

Devinder Ahuja
Chief Financial Officer
(Principal Financial Officer)

Date: August 3, 2023

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.