Ranbaxy Farmacêutica Ltda.
As Sun Pharma Company

Financial statements as of
31 March 2020 and 2019

Content

INDEPENDENT AUDITORS' REPORT

To
The Quotaholders and Executive Board of
Ranbaxy Farmacêutica Ltda
Barueri - SP

Opinion

1. We have examined the financial statements of **RANBAXY FARMACÊUTICA LTDA**, which comprise the balance sheet as of March 31, 2020 and the respective statements of operations, changes in quotaholders' equity and cash flows for the year then ended, and other accompanying notes to the financial statements and a summary of significant accounting practices.

2. In our opinion, financial statements referred in paragraph above ***represent fairly***, in all material respects, the financial position of RANBAXY FARMACÊUTICA LTDA as of March 31, 2020, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Base for Opinion

3. Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in accordance with these standards, are described in the following section, "Auditor's responsibility for the audit of the financial statements". We are independent in relation to the Company, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis

4. During the year ended March 31, 2020, the Company had an unsecured liability scenario over assets of BRL 95,132 Mn. These financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company's management has no intention of discontinuing its operations and, therefore, the financial statements do not include any adjustments to Asset or Liability accounts that might be required in the event of discontinuation of operations. As a mitigating circumstance, therefore, out of the total current and non-current liabilities, BRL 212,455 Mn 92.6 % are borrowings and supplies taken from controlling shareholders or related parties, and the rest of the liabilities with third parties is perfectly supported by current factor liquidity index at 7.80.

Management's responsibility and governance for the financial statements

5. The Company's management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether caused by fraud or error.

6. In the preparation of the financial statements, management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, when applicable issues related to the continuity of its operations and the use of this accounting base in the preparation of the financial statements, unless management has decided to settle the Company or to discontinue its operations, or does not have any realistic alternative to prevent the discontinuance of operations.

7. The ones responsible for the Company's governance are those with responsibility for overseeing the process of preparation of the financial statements.

Auditor's responsibilities for the audit of the financial statements

8. Our purposes are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error and to issue audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted according to the Brazilian and international auditing standards will always detect any material misstatements. The misstatements may result from fraud or error and are considered relevant when, individually or in conjunction, they may affect, from a reasonable standpoint, economic decisions of the users based on such financial statements.

9. As part of an audit conducted according to the Brazilian and international auditing standards, we exercise professional judgment, and maintain professional skepticism during the audit. In addition:

- We identify and evaluate the risks of material misstatements in the financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, as well as obtain appropriate and sufficient audit evidence to base our opinion. The risk of not detecting material misstatement caused by fraud is higher than that caused by error, since fraud may involve the act of deceiving the internal controls, collusion, forgery, omission or intentional misrepresentations.
- We obtained understanding of the internal controls relevant to audit in order to plan audit procedures appropriate to the circumstances, but not with the aim to express opinion on the effectiveness of the internal controls of the Company.
- We evaluated the fairness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We take conclusion on the adequacy of adoption by management of the accounting basis of the ability to continue as going concern, and, based on the obtained audit evidences, whether there is a significant uncertainty in relation to Company's ability to continue as going concern. If we conclude that there is a significant uncertainty, we shall call attention in our audit report to the respective disclosures in the financial statements or include a modification in our opinion, if the disclosures are inadequate. Our conclusions are based on audit evidences obtained to the date of our report. However, future events or conditions may cause the Company not to continue as going concern.
- We evaluate the general presentation, structure and content of the financial statements, including disclosures and if the financial statements represent the corresponding transactions and events in compliance with the purpose of fair presentation.

10. We communicate with those responsible for governance with respect to, among other aspects, the planned scope, time of the audit and significant audit findings, including possible material weaknesses in internal controls identified by us during our work.

São Paulo, May 20, 2020

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Ranbaxy Farmacêutica Ltda.

Balance Sheets ended as of 31 March 2020 and 31 March 2019

(In thousands of Brazilian Reais)

Asset	Note	31/Mar-2020	31/Mar-2019	Liability	Note	31/Mar-2020	31/Mar-2019
Current				**Current**			
Cash and cash equivalents	4	932	603	Suppliers	9	89,543	45,668
Other investments	4	57,438	17,890	Loans	10	29,209	22,162
Accounts receivable from customers	5	20,659	24,649	Taxes and contribution payable	11	324	207
Inventories	6	34,186	29,219	Salaries and holiday payable		1,221	969
Current tax assets	7	1,245	235	Other provisions	12	12,561	9,831
Other accounts receivable		788	664	Other accounts payable		660	812
Total of current assets		**115,248**	**73,260**	**Total of current liabilities**		**133,518**	**79,649**
				Non-current			
				Provision for contingencies	13	956	6,524
				Loans	10	77,981	58,451
						78,937	**64,975**
Non-current				**Net Equity**			
Fixed Assets	8	2,011	1,780	Share Capital	14	17,367	17,367
Intangible Assets		64	31	Accumulated Losses		(112,499)	(86,920)
Total of non-current assets		**2,075**	**1,811**	**Total net equity**		**(95,132)**	**(69,553)**
Total of assets		**117,323**	**75,071**	**Total of liabilities and net equity**		**117,323**	**75,071**

The accompanying notes are an integral part of these financial statements.

Ranbaxy Farmacêutica Ltda.

Statements of income

Fiscal years ended as of 31 March 2020 and 31 March 2019

(In thousands of Brazilian Reais)

	NE	31/Mar-2020	31/Mar-2019
Net Operating Revenue	15	134,872	114,578
Cost of goods sold		(73,326)	(67,057)
Gross Profit		**61,546**	**47,521**
Operating expenses:			
Sales	16	(4,799)	(3,545)
Administrative and General	17	(37,630)	(29,865)
Other operating (expenses) income	18	5,577	(3,813)
Earnings before net financial (expenses) revenue and taxes		**24,694**	**10,298**
Financial expenses		(48,847)	(20,300)
Financial revenues		1,550	1,155
Net financial (expenses) revenue	19	**(47,296)**	**(19,145)**
Profit before taxes		(22,602)	(8,847)
Income tax and social contribution		**(2,977)**	**(4,415)**
Income tax		(2,180)	(3,239)
Social Contribution		(797)	(1,176)
Income for the fiscal year		**(25,579)**	**(13,261)**

The accompanying notes are an integral part of these financial statements.

Ranbaxy Farmacêutica Ltda.

Statements of changes in stockholders' equity

Fiscal years ended as of 31 March 2020 and 31 March 2019

(In thousands of Brazilian Reais)

	Share Capital	Losses Accumulated	Total
Balances as of 31 March 2017	17,367	(69,886)	(52,519)
Income for the fiscal year	-	(3,773)	(3,773)
Balances as of 31 March 2018	17,367	(73,659)	(56,292)
Income for the fiscal year	-	(13,261)	(13,261)
Balances as of 31 March 2019	17,367	(86,920)	(69,553)
Income for the fiscal year	-	(25,579)	(25,579)
Balances as of 31 March 2020	17,367	(112,499)	(95,132)

The accompanying notes are an integral part of these financial statements.

Ranbaxy Farmacêutica Ltda.
Statements of Cash Flows - indirect method
Fiscal years ended as of 31 March 2020 and 31 March 2019
(In thousands of Brazilian Reais)

	Nota	31/Mar-2020	31/Mar-2019
Cash flows from operating activities			
Profit before taxes		(25,579)	(13,261)
Adjust for:			
Depreciation		986	544
Amortization		34	50
Loss of impairment Assets		-	137
Provision for leasing Office and Vehicles		252	
Provisions for contingencies		(5,377)	4,040
Provision for doubtful receivables		987	(3,345)
Provision for inventory devaluation		1,134	(1,931)
Other provisions		26,886	9,781
Unrealized exchange rate variations		42,227	11,873
Result on fixed asset retirement		-	124
		41,551	8,012
		-	
(Increase) decrease in assets and liabilities			
Other investments		(39,548)	(49)
Accounts receivable from customers		3,990	(2,585)
Inventories		(4,967)	(10,251)
Current tax asset		(1,010)	1,661
Other accounts receivable		(124)	(399)
Judicial Deposits		65	937
Taxes and contributions payable		117	(495)
Salaries and charges payable		252	192
Suppliers		43,875	15,146
Payment of tax contingencies		3,373	2,887
Other accounts payable		(153)	266
		5,871	7,310
		47,423	**15,322**
Interests paid on loans		(3,526)	(1,666)
Cash from operations		43,897	13,656
Income tax and social contribution paid on the fiscal year		(2,530)	(3,735)
Net cash from operating activities		41,367	9,921
Fluxos de caixa das atividades de investimentos e financiamentos			
Acquisition of intangible assets	8	(1,201)	(421)
Net cash used in financing activities		(1,201)	(421)
Cash and cash equivalents reduction		40,166	9,500

Statement of cash and cash equivalents reduction			
At the beginning of the fiscal year		18,204	8,704
At the end of the financial year	4	58,370	18,204
		40,166	9,500

The accompanying notes are an integral part of these financial statements.

Explanatory notes to financial statements
(In thousands of Brazilian Reais)

1 - *Operating context*

Ranbaxy Farmacêutica Ltda., incorporated on 27 October 1993, having its tax domicile in the state of Rio de Janeiro, and having as its main economic activity the manufacture and import of allopathic medicinal products for human use, as well as the distribution and sale of pharmaceutical products.

The company has its administration office at Alameda Tocantins, 125, 11th Floor, Room 1101, Alphaville, Barueri, São Paulo, duly registered with JUCESP [Board of Trade of the State of São Paulo], whose corporate purpose of is administrative office.

1.1 - *Management plan for 2020 and 2019*

The balance sheet ended as of 31 March 2020 has a negative net worth of BRL 95,132 Mn being the exchange rate the biggest impact.

It was decided that the company will be imports throughout 2020, in local currency, in BRL, we will thus reduce the impact of the dollar rate that impacts our results so much.

Management understands that the amounts will be reversed in the coming years, considering the proximity to the production units in the headquarters, which is bringing greater transparency to the commercial unit before customers.

We have created a channel of direct communication with the productive part, where they discussed the production plan for the following 3 months, with the participation of the commercial area, which could possibly result in increased sales.

2 - *Presentation of the Financial Statements*

The financial statements were prepared in accordance with accounting practices adopted in Brazil and comprise the period from April to March, having their issue authorized by the Board on 8 May 2020.

The Company adopts the Law no. 6.404/76 and its amendments introduced by Law no. 11.638/07, which modified, revoked and introduced new provisions to the Brazilian Companies Law.

The aforementioned law aimed, mainly, to update the Brazilian corporate law to allow the process of convergence of accounting practices adopted in Brazil with those comprised in the International Financial Accounting Standards (IFRS).

2.1 *Functional currency and presentation currency*

The financial statements are presented in Brazilian Real, which is the functional currency of the Company. All financial information presented in Real have been rounded up to the nearest thousands, except where indicated otherwise.

2.2 *Use of estimates and judgments*

The preparation of financial statements in accordance with the accounting practices adopted in Brazil requires that the Management of the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Estimates and assumptions are reviewed in a continuous way. Revisions with respect to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The information on assumptions and estimates that have a significant risk of result in material adjusting within the next few years are included in the following explanatory notes:

Note 5 - Provision for doubtful receivables
Note 6 - Provision for inventory obsolescence
Note 8 - Review of the of the fixed asset useful life
Note 13 - Provision for contingencies

3 *Summary of Significant Accounting Policies*

a. a. Determination of Net Income

Net income of operations of the company are established in accordance with the accounting of competence of exercises, which covers the period from April to March of each year.

Operating revenues from the sale of products, as well as costs and expenses are recognized in the outcome as a function of its implementation, i.e., when there is convincing evidence that the risks and benefits more significant and inherent to ownership have been transferred to the purchaser.

b. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances in current bank accounts and financial investments of high liquidity. The financial investments are recorded at cost, plus income earned during the financial year, duly regulated by the central bank of Brazil.

c. Accounts receivable from customers

Accounts receivable from customers are initially recorded by the invoiced value, including their direct taxes, tax liability of the Company, minus the taxes withheld at source, of which are considered as tax credits.

The provision for credit losses was made at an amount considered sufficient by the Management to compensate for any losses on the realization of the credits earned more than 12 months and or when identified the inability of recovery.

As provided in the CPC12, adjustment to the present value was not registered by virtue of not having material effect on the financial statements.

d. Inventories

Inventories are stated on the basis of historic cost of acquisition and production, plus expenses relating to transport, storage and non-recoverable taxes. In the case of industrialized products, under elaboration and finished, the inventory includes the manufacturing overheads based on the normal capacity of production. The cost is determined by the weighted average cost. The values of inventories recorded does not exceed the net value of realization. The net value of realization, which corresponds to the estimated selling price in the ordinary course of business, less the estimated costs of completion and those necessary to make the sale.

In accordance with restrictions imposed by the state of Rio de Janeiro, in confronting of the Covid-19 pandemic, we did not make physical inventory of the goods in stock, and as historically there have never been main differences in counts, unidentified risk as to the numbers reported here.

e. Fixed asset

- **Fixed assets**

Items of fixed asset (property, plant and equipment) are measured at historic cost of acquisition or construction, less accumulated depreciation and loss of reduction to the recoverable amount (impairment), if applicable.

The cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of assets constructed by the company itself includes the cost of materials and labor, other direct costs to place the asset in the location and condition necessary for these to be capable of operating in the manner sought by the management, the costs of dismantling and restoration of the site where these assets are located.

The improvement in third parties' properties are amortized in accordance with the duration of the lease contract.

Gains and losses on disposal of an item of property, plant and equipment are calculated by comparison between the resources deriving from disposal with the carrying amount of property and are recognized net inside of other revenues in the result.

Other costs are capitalized only when there is an increase in the economic benefits of the item of fixed asset. Any other type of expense is recognized in the result as an expense when incurred.

- **Depreciation**

Depreciation is calculated on the depreciable value, which is the cost of an asset, or other substitute value of the cost minus the residual value.

Depreciation is recognized in the results based on the straight-line method over the estimated useful lives of each part of an item of the fixed asset, since this method is that one that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Lands are not depreciated.

The estimated useful lives are as follows:

	Years
Machines and equipment	14
Furniture and utensils	12
IT equipment	10
Vehicles	12
Improvement on third parties' property	5

The depreciation methods were reviewed, and new rates will be adopted, each closing of the financial year and any adjustments are recognized as changes in accounting estimates.

- **Intangible Assets**

It is valued at cost of acquisition, less accumulated depreciation and losses by reducing the recoverable amount, when applicable.

The intangible asset of the company has defined life, composed by software. The record of depreciation is done in the demonstration of the income statement of the fiscal year, under the heading "Depreciation and amortization".

The estimated useful life for the current fiscal and year is:	**Years**
Software	10

- **Reduction in the recoverable value of assets**

According to NBC TG 01 (R4) – Impairment of Assets – Related to IAS 36.
Aims to ensure that the assets are not recorded accounted for a higher value than the one that can be recovered in time for use of the company's operations or its eventual sale.

f. Leasing Operation

In line with the pronouncement of the new Accounting Standard on Leasing, through CPC 06 (R2) and in India (Where Ranbaxy's headquarters are located) from April 1, 2019 through Ind AS 116. It establishes principles for the recognition and measurement of leases, the purpose of which is to ensure relevant information that faithfully represents these transactions.
As part of a Big group, as of April 1, 2019, Ranbaxy Farmacêutica Ltda. adhered to the referred norm, and began to treat the property rental according to its requirements. The company started to present its Assets - Right of Use (Net Present Value of the Lease Agreement) and it's Lease Liabilities (Net Present Value of the Lease Payable, updated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.

g. Current and non-current liabilities

The current and non-current liabilities are demonstrated by the known or calculated estimated plus, when applicable the corresponding charges, monetary variations and/or exchange rate incurred up to the date of the balance sheet.

h. Short-term benefits to employees

Obligations of short-term benefits to employees are measured on an undiscounted basis and are incurred as expenses as the related service is provided.
Provision was made for the payment of bonuses on individual performance and was recognized by the amount expected to be paid under the plans of bonuses on money or participation in profits in the short term if the company has a legal or constructive obligation to pay this value in function of past service rendered by the employee, and the obligation can be estimated reliably.

i. Loans and Financing

The financial charges and the monetary indexations of the loans are accounted for on the basis of the period elapsing, being established in accordance with the terms of the contracts. Composed mainly by contracts aiming at the expansion of production capacity, as well as modernization, as well as to meet working capital needs.

j. Provisions

A provision is recognized in the balance sheet when the company has an obligation or as a result of a past event, and it is probable that an economic resource will be required to settle the obligation. Provisions are recorded taking as a basis the best estimates of the risk involved.

k. Income tax and social contribution

The fiscal year for calculation of income tax is determined by law, and comprises the period counting from January to December, unlike the corporate year depicted in the financial statements, which comprises the period from April to March.

The income tax and social contribution of current and deferred charges are calculated on the basis of rates of 15%, plus an additional 10% on the taxable profit surplus of BRL 240 for income tax and 9% on taxable profit for social contribution on net profits and consider the offsetting of tax losses and negative social contribution base, limited to 30% of the real profit.

The current tax is the tax payable or receivable expected on the taxable profit or loss for the year, the tax rates enacted or substantively enacted at the date of presentation of the financial statements and any adjustment to tax payable in relation to previous years.

The Company does not recognize the Income Tax and Social Contribution, of deferred tax assets on tax loss and negative base of social contribution, and also on temporary differences between the tax base of assets and liabilities and their respective accounting value. The deferred active Income Tax and Social Contribution are recognized based on the expected generation of future taxable profits. Deferred tax is measured by the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the date of presentation of the financial statements.

The Company does not have any value recorded with respect to income tax and social contribution deferred during the fiscal year, due to expected generation of future taxable profits.

l. Financial Instruments

The financial instruments are only recognized as from the date on which the company becomes part of the contractual provisions of the financial instruments. When recognized, are initially recorded at its fair value plus transaction costs that are directly attributable to the acquisition or contracting. On March 31, 2019, the accounting value of the financial instruments of the company, represented mainly by cash, accounts receivable, accounts payable to suppliers and loans with financial institutions and related companies were equivalent to its market value. The company does not use financial instruments in exchange operations of indices (SWAP) or involving operations in the form of derivatives risk. Other Assets and Liabilities

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the company and its cost or value can be measured with security.

The current and non-current liabilities are demonstrated by the known or calculated values plus, when applicable the corresponding charges and monetary variations incurred up to the date of the balance sheet.

Provisions are recorded taking as a basis the best estimates of the risk involved. The financial statements therefore include various estimates based on objective and subjective factors, based on the judgment of the management for the determination of appropriate values to be recorded. The settlement of transactions involving these estimates may result in divergent values of the recorded in the financial statements due to the inaccuracies inherent to the process of determining them, for which reason the management periodically revise such estimates and assumptions.

Estimates and assumptions are used in the selection of the useful lives of the assets, for the constitution of adjustment for the possible risk of not carrying out their accounts receivable, as well as in the analysis of other risks for the determination of other provisions, including the contingent liabilities and other similar, in addition to the valuation of financial instruments and other assets and liabilities on the balance sheet date.

The realizable rights and obligations are classified as Current when their realization or settlement occur within twelve months following the date of presentation of the financial statements. Otherwise, they are shown as Non-current.

4 *Cash and cash equivalents*

	2020	2019
Cash and Banks	932	603
Other investments (Finac. Investments)	57,438	17,890
Total	**58,370**	**18,943**

The variation of cash and cash equivalents is directly linked to sales increased along the year, reflecting the trade receipts, where excess cash is being invested in short-term investment, with the Local rate being 3,75% p.y.

5 *Accounts receivable from customers*

Accounts receivable from customers are initially recorded by the invoiced value, including their direct taxes, tax liability of the Company, minus the taxes withheld at source, of which are considered as tax credits.

The adjustment related to the revenue recognition is related to the restrictions imposed by the state of Rio de Janeiro, aiming to combat Covid-19 Pandemic, making it impossible for the quality control employees to reach the RJ unit to release the products, In view of this, the company decided to anticipate the swift of quality control from RJ to GO, causing a high volume of releases, causing delays in the release of goods, consequent delay in the invoices that were issued and that on March 31, 2020 had not been received by customers.

	2020	2019
Accounts receivable	35,364	34,588
Other accounts receivable	96	75
(-) Provision f/ doubtful settlement Credits	(1,337)	(349)
(-) Revenue adjustment recognition	(13,464)	(9,665)
Total	**20,659**	**24,649**

On 03/31/20 the total gross value of trade bills receivable from the company, distributed by maturities as follows:

To mature	**BRL**	
Within 30 days	10,489	
From 31 to 60 days	10,714	
From 61 to 90 days	12,446	
Over 91 days	364	
Subtotal		**34,013**
Matured		
Matured from 91 within 180 days	11	
Matured within 365 days	277	
Matured over 365 days	1,063	
Subtotal		**1,351**
Overall Total		**35,364**

6 *Inventories*

	2020	**2019**
Products for Resale	19,421	18,018
Adjust Revenue Recognition -Cogs	5,289	4,521
Raw material	0	0
Packaging materials	87	87
Goods in transit - Goods	12,589	8,462
Taxes on imports	0	391
Customs Broker	34	215
Others	37	16
(-) Adjustment Net Val of Realization	(0)	(242)
(-) Adjustment Recoverable Val. Est. Obsolete (a)	(3,271)	(2,249)
Total	**34,186**	**29,219**

The balances listed in the accounts identified above as (a) - matured inventories, to mature in the next 6 months and without moving for more than 1 year. Management has made the adjustment and awaits the approval of Regulatory bodies for them to be incinerated.

In accordance with restrictions imposed by the Government in confronting of Covid-19 Pandemic, we did not make physical inventory, and as historically there have never been major variations in these counts, we have not identified any risk regarding the numbers reported here.

7 *Current tax asset*

	2020	**2019**
ICMS tax substitution	421	0
ICMS on fixed assets	25	34
IRPJ recoverable	426	0
CSLL recoverable	153	0
TDS recoverable	220	201
Total	**1,245**	**235**

The amounts recorded as Income Tax (IRPJ) and CSLL in 2020 were paid in advance to the Federal Revenue of Brazil, which will be offset throughout 2020.

8 *Fixed assets*

The company has conducted tests of impairment in all its assets and found losses by devaluation. Another change is the adoption of CPC 06, which as of April 2019, the company began to present its Assets - Right of Use (Net Present Value of the Lease Contract) and its Lease Liabilities (Net Present Value of the Lease Payable, restated by interest). The Right of Use is amortized over the term of the contract and its effects are reflected in the result.

	Machines and equipment	**Furniture And utensils**	**Vehicles**	**Lease rental expenses**	**Total**
Cost					
Balance as of March 31, 2019	6,543	6,063	1,705	0	14,311
Additions	78	16	470	637	1,201
Disposals and retirements	0	-	(472)	-	(472)
Transference	-	-	-	-	-
Balance as of March 31, 2020	6,621	6,079	1,703	637	15,040
Depreciation					
Balance as of March 31, 2019	(5,493)	(5,774)	(1,093)	0	(12,360)
Additions	(305)	(138)	(158)	(385)	(986)
Disposals and retirements	0	-	472	-	472
Balance as of March 31, 2020	(5,798)	(5,912)	(779)	(385)	(12,874)
Loss on assets devaluation	(161)	(10)	-	-	(171)
Balance as of March 31, 2019					
Additions	(13)	(9)	-	-	(22)
Disposals and retirements	38				38
Balance as of March 31, 2020	(136)	(19)	-	-	(155)
Net fixed asset as of March 31, 2019	**889**	**279**	**612**	**0**	**1,780**
Net fixed asset as of March 31, 2020	**687**	**148**	**924**	**252**	**2,011**

9 *Suppliers*

	2020	**2019**
Intercompany – Principal	56,580	36,186
Intercompany – Unrealized exchange rate	15,501	1,153
Intercompany – In Transit	12,589	8,462
Intercompany – TP Adjusts	4,873	0
Total	**89,543**	**45,668**

The outstanding in USD to pay Sun Pharmaceutical is USD 17.224 Mn, this amount consists of goods imports and adjust as credit note, which is related to the transfer price adjustment, required by India, company's exposure to the risk of currency and credit related to suppliers and other accounts payable are disclosed in Note 20 section (v).

10 Loans and Financing

			2020		2019	
Related Parties	**Maturity**	**Charges**	**Current**	**No Current**	**Current**	**No Current**
Sun Pharma Netherlands	08/25/2020	2.5% p.a.	29,209	77,981	22,162	58,451
			20,209	**77,981**	**22,162**	**58,451**

The loans, in the amount of USD 5,000 and USD 15,000, respectively expire on 22 August 2020 and 10 January 2021 respectively, with semiannual interest payment, calculated with a spread of 2.50% per annum + Libor 6 months, and there is no contractual guarantees.
We have recorded as interest payable on the amount of BRL 3.215 Mn.

11 Taxes and contributions payable

	2020	2019
Social contributions payable		
INSS payable on payroll	134	130
INSS withheld at source	11	6
FGTS payable on payroll (a)	269	30
PIS on Sales	30	24
Cofins on Sales	145	110
Pis/Cofins/CSSL withheld at source	19	21
(-) Cut Off adjustment - Pis/Cofins (b)	(191)	(154)
Subtotal	**417**	**167**
Taxes payable		
Income tax withheld at source	85	94
Services tax withheld at source	5	3
ICMS on Sales	31	26
ICMS on tax substitution	1,048	738
ICMS on rate differential	8	7
ICMS provision on good destruction	359	247
(-) Cut Off adjustment – ICMS-ICMS St (b)	(1,629)	(1,075)
Subtotal	**(93)**	**39**
Total	**324**	**207**

(a) FGTS is Social contribution paid on salary of employees, the increased is associated with indemnities paid to employees of the Quality Control Unit; closed due to the transfer of quality control to GO.

(b) The sales tax adjustment related invoices issued but had not been received by the customer until March´31st.

12 Other Provisions

	2020	2019
Provision for Sales Commission (a)	2,701	2,071
Provision for bonus performance	482	489
Provision for development of new products	111	272
Provision for Administrative Service Provider	502	853
Penalties of non-delivery/Supplier	212	212
Provision for freight and warehouse cost	483	637
Provision for Margin of distributers (b)	1,470	3,400
Provision for sales campaing	845	1,113
Provision for sales return	4,151	662
Provision for discounts and rebates	793	122
Provision for dismissal of QA employees (c)	811	0
Total	**12,561**	**9,831**

a) The company uses autonomous Sales Representatives, hired in accordance with the Law no. 4.886, as of 09 December 1965, where they are compensated by a fixed percentage on sales, primary and secondary. Aiming at the reduction of labor claims, judicial settlements in the civil sphere were made, where they were paid 1/12 + 1/3 of the whole commission paid. Accordingly, provisions were made in 2018-19 in the amount of BRL 1,012 Mn and 2019-20 in the amount of BRL 1,023Mn, which are expected to be paid during the year 2020-21.

b) The Company uses inventories of main distributors of the country to meet the delivery of goods from negotiations carried out by the Pharmacies and Pharmacies Chains, these negotiations carried out by the sale task force of Ranbaxy. By way of compensation to the distributors, Ranbaxy should pay the pertinent amount to Distributors, between 5% to 7%, over these transactions.
Reimbursements are made by means of additional discounts and throughout 2019-20, the company settled the main issues with distributors, such as Panpharma, Alfamed group, Orgafarma among others. The aforementioned value refers to the cost of logistics operations that are pending of settlements on March 31, 2020.

c) Provision related to the salaries of Quality Assurance personnel, SG unit, responsible for close Tech Transfer project.

13 Contingencies

The company is defendant in lawsuits and in administrative proceedings before various courts and governmental bodies, arising from the normal course of operations, involving tax, labor, civil aspects and other matters.

Management, based on information from their legal advisors, analysis of lawsuits pending and, regarding labor actions, based on previous experience relating to the amounts claimed, made provision in an amount considered sufficient to cover the probable estimated losses with the lawsuits in course, as follows:

	2020			2019
	Provision	**Judicial Deposit**	**Net**	**Net**
Labor	32	0	32	5,683
Civil	1,425	(501)	924	841
	1,457	(501)	956	6,524

Lawsuit status on the period

	2019	2020			
	Gross initial balance	**Addition to provision**	**Retirement**	**Judicial Deposit**	**Final Net Balance**
Labor	5,748	375	(6,091)	0	32
Civil	1,342	138	(55)	(501)	924
	7,090	513	(6,146)	(501)	956

There are other lawsuits assessed by legal advisors as being of possible or remote risk, which based on the claimants' requests, our lawyers assessed for future agreements the amount of BRL 720 for possible loss (BRL 1,577 in 2019) for which no provision was made, bearing in mind that the accounting practices adopted in Brazil does not require their accounting.

a. Summary of labor processes

As of March 31, 2020, the Company had 12 cases of labor claims, which, according to legal advisors, are classified as possible and remote risk of loss.

There are no cases classified as a probable loss risk, and the remaining balance belongs to a case that is awaiting closure by the Court.

b. Summary of civil processes

On March 31, 2020, the Company had a total of 39 cases of claims and complaints involving notices of infractions or questioning from the Anvisa. According to legal advisors, 32 cases are classified as possible and remote losses, which do not form part of the provision. The loss estimate is made, in accordance with the opinion of the legal advisors, and are duly updated regarding interests and their respective taxes.

14 Net Equity

Share capital is composed of 14,971,089 shares, being 12,482,664 shares of "Class A" on the nominal value of BRL 1.00 each and 488,425 shares of "Class B" in the nominal value of BRL 10.00 each, according to the 45th amendment to the Articles of Association, dated of 16 October 2018, which are distributed as follows:

Quota Holder	Quotas	BRL
Sun Pharma Netherlands B.V. - Class A	12,482,663	12,483
Sun Pharma Netherlands B.V. - Class B	488,425	4,884
Ranbaxy Holdings UK Limited	1	-
	14,971,089	17,367

On March 31, 2020, the foreign capital registered at the Central Bank of Brazil, the basis for remittance of dividends and repatriation of capital, totalized BRL 17,367 (equivalent to USD 12,467)

15 *Operating Revenue*

	2020	2019
Resale of goods	153,462	127,311
Resale of samples for bioequivalence	0	7
Gross revenue from sales	153,462	127,318
Taxes on sales and resales	(10,232)	(9,154)
Finance Discounts	(1,092)	(640)
Returns	(7,266)	(2,946)
(-) Sales Deductions (a)	(18,589)	(12,740)
Operating Revenue	**134,872**	**114,578**

The company's sales on the domestic market are currently directed to distributors, networks of pharmacies, distributor hospitals.
The financial discounts is related to hospital products that were not delivered, and customers received some of penalty in which, because we were co-responsible, we had to reimburse them.

(a) There was a change in methodology this year, and the provision was made entirely on an empirical basis, in the amount of BRL 3,489 Mn In the past, we use to do the testing and book the difference between the empirical test and actual sales returns in the books, and for 2018-19 the amount was BRL 437.

16 *Expenses with sales*

	2020	2019
Sales Campaign (a)	1,816	1,914
Promotional material	149	165
Congress and events (b)	1,258	561
Market survey services	571	487
Travelling Expenses	641	345
Other promotion expenses	364	73
	4,799	3,545

(a) Ranbaxy is seeking to increase sales in pharmacies and pharmacy chains, has developed commercial actions, called “molecules focu”, which aim to reward cash and gifts.

(b) Throughout the year 2019-20, Ranbaxy participated in the main trade fairs related to generic and hospital fairs, aiming to promote the Sun Farma brand.

17 General and Administrative Expenses

	2020	2019
Personnel	13,239	9,040
Equipment Maintenance	876	783
Expenses with rents	138	665
Expenses with electricity	487	442
Travel expenses	477	190
Services Provided	1,727	1,859
Regulatory	1,923	1,680
Quality Control	1,678	1,357
Taxes and Fees	442	315
Expenses with Sales Commission	7,333	6,185
Expenses with freight and warehouse	6,562	5,513
Other administrative expenses	1,729	1,242
Depreciation and Amortization	1,019	594
	37,630	29,865

18 Other Operating revenue (expenses)

	2020	2019
Provision for Contingencies	5,377	(4,039)
Tax credit benefit	2	270
Other Operating revenues (expenses)	198	(44)
	5,577	(3,813)

19 Net financial (expenses) revenue

	2020	2019
Financial expenses		
Interest - Intercompany	(4,064)	(3,792)
Interest on Lease Operacional	(22)	0
Unrealized exchange rate	(48,589)	(16,478)
Others	(74)	(30)
	(48,847)	(20,300)
Financial revenues		
Interests	16	37
Interest on financial investments	1,531	1,113
Others	3	5
	1,550	1,155
	(47,296)	**(19,145)**

20 Insurance coverage

The company has hired with Tokyo Marine Seguradora no. 180.0000929165, a property insurance, which aims to guarantee covers for possible claims, together with all the addresses of the company in the Brazilian territory. The amounts contracted are considered sufficient to cover possible claims, considering the nature of their activity.

On March 31, 2020, the coverage of insurance against operational risks was composed by BRL 35,000Mn.

21 Financial Instruments

(i) Identification and valuation of financial instruments

The accounting balances of financial instruments such as cash, accounts receivable, taxes, loans and financing, when compared with the values that could be obtained on their negotiation in an active market or, in their absence, with its net present value is adjusted based on the prevailing rate of interest on the market approach, substantially, their corresponding market values.

(ii) Credit risk

It arises from the possibility of the company suffering losses arising from defaults of their counterparts or depositary financial institutions of resources or financial investments. To mitigate these risks, the company adopts as a practice analysis of financial and equity status of its operations, as well as the definition of credit limits and permanent monitoring of open positions. Regarding financial institutions, the Management only carries out transactions with reputable financial institutions and of low risk, assessed by rating agencies.

(iii) Risk of price of the goods sold

It arises from the possibility of oscillation of market prices of products marketed by the company. These price fluctuations can cause substantial changes in their income and their costs. To mitigate these risks, Management permanently monitors the local and international markets, seeking to anticipate the price movements.

(iv) Interest rate risk

It arises from the possibility of the company suffering gains or losses arising from fluctuations in interest rates levied on its financial assets and liabilities. Aiming to mitigate this type of risk, Management seeks to diversify the acquisition of resources in terms of rates fixed or floating.

(v) Exchange rate risk

The associated risk arises from the possibility of the company coming to incur losses due regarding fluctuations in exchange rates, which increase the values obtained on the market. On March 31, 2019 the company had liabilities, denominated in foreign currency, there is no financial instrument to protect this exposure on that date.

	2020	**2019**
	USD	**USD**
Suppliers	17,224	11,720
Loans	20,619	20,687
	37,843	**29,329**

The following exchange rates were applied during the year:

Average Rate		**Closure Rate on the date of the Financial Statements**	
2020	**2019**	**2020**	**2019**
4.1676	3.7844	5.1987	3.8967

Exchange Rate Sensitivity Analysis

The Company has liabilities linked to foreign currency in the balance sheet as of March 31, 2020, and for the purposes of analysis of sensitivity, adopted as a likely scenario the rate of BRL 5,30. Therefore, the table below shows the simulation of the effect of the exchange rate variation in the future outcome in scenarios of increases and reductions:

	Scenarios (increase)		
Exchange Rate Risk	**Likely**	**Possible**	**Remote**
Scenarios and price levels	5.30	5.50	5.60
Passive Position	200,568	208,137	211,924
Total net effect	4	11	15

	Scenarios (reduction)		
Exchange Rate Risk	**Likely**	**Possible**	**Remote**
Scenarios and price levels	4.30	4.10	4.00
Passive Position	162,725	155,156	151,372
Total net effect	-34	-41	-45

(vi) Derivative financial instruments

The company has not used financial instruments in exchange operations of indices (SWAP) or involving operations in the modality of derivatives.

22 Subsequent events

Due to Government restrictions to combat Pandemic COVID-19 at the global level, except for the revenue adjustments already recognized in the accounts on 03/31/2020 due to extra orders at the end of March, in order to supply future demand based on Pandemic, we can consider some impacts on our operation:

Suspension of the annual drug price adjustment, which should have occurred on April 1, 2020, based on a study by Cmed, whose average increase should have been 4.22%;

Restriction of flights at the head office, located in India, which may impact the stock replenishment;

Postponement of fairs and events, used to leverage sales;

Therefore, due to the uncertainties inherent in these expected impacts, we were unable to measure them with confidence, nor did they impact the balances of these FS.

23 Approval of the set of Financial Statements and Explanatory Notes

These financial statements were approved by the Management of Ranbaxy Farmaceutica Ltda., and authorized for issue on May 8, 2020

Walter Wiesmueller Coelho Filho CFO - BRAZIL	Carlos Alberto Almeida Accountant CRC-RJ 103.509/0-1

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