Ranbaxy Farmacêutica Ltda.

As Sun Pharma Company

Financial statements as of
31 March 2018 and 2017

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, 2018 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, 2018, 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, 2018, the Company had an unsecured liability scenario over assets of R$ 56,292,489. 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, R$ 110,592,131, 88% 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 5.84.

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 22, 2018.

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Ranbaxy Farmacêutica Ltda.

Balance sheets ended as of 31 March 2018 and 31 March 2017

(In thousands of Brazilian Reais)

Asset	Note	31/Mar-2018	31/Mar-2017	Liability	Note	31/Mar-2018	31/Mar-2017
			(restated)				(restated)
Current				**Current**			
Cash and cash equivalents	4	8,704	2,239	Suppliers	9	30,522	26,749
Other investments		240	307	Loans	10	17,104	16,237
Accounts receivable from customers	5	22,037	19,109	Taxes and contributions payable	11	702	1,391
Inventories	6	18,968	19,010	Salaries and holiday payable		777	815
Current tax asset	7	1,895	2,421	Other provisions	12	6,930	4,421
Other accounts receivable		264	472	Other accounts payable		518	284
Total of current assets		**52,108**	**43,558**	**Total of current liabilities**		**56,552**	**49,898**
				Non-current			
				Provision for contingencies	13	4,183	2,734
				Loans	10	49,857	47,526
						54,040	**50,260**
Non-current				**Net Equity**			
Fixed assets	8	1,987	3,794	Share Capital	14	17,367	17,367
Intangible Assets		204	287	Accumulated losses		(73,659)	(69,886)
Total of non-current assets		**2,191**	**4,081**	**Total net equity**		**(56,292)**	**(52,519)**
Total of assets		**54,300**	**47,639**	**Total of liabilities and net equity**		**54,300**	**47,639**

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

Ranbaxy Farmacêutica Ltda.

Statements of income

Fiscal years ended as of 31 March 2018 and 31 March 2017

(In thousands of Brazilian Reais)

	NE	31/Mar-2018	31/Mar-2017 (restated)
Operating Revenue	15	87,927	60,181
Cost of goods sold and services rendered		(46,441)	(33,807)
Gross Profit		**41,487**	**26,373**
Operating expenses:			
Sales	16	(10,040)	(8,210)
Administrative and General	17	(24,289)	(25,254)
Other operating (expenses) income		(1,803)	392
Earnings before net financial (expenses) revenue and taxes		**5,354**	**(6,699)**
Financial expenses		(7,340)	(2,372)
Financial revenues		679	11,849
NNet financial (expenses) revenue	18	**(6,661)**	**9,477**
Profit before taxes		(1,307)	2,777
Income tax and social contribution		**(2,466)**	**0**
Current		(2,466)	0
Deferred			
Income for the fiscal year		**(3,773)**	**2,777**

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 2018 and 31 March 2017

(In thousands of Brazilian Reais)

	Share Capital	Losses Accumulated	Total
Balances as of 31 March 2016	17,367	(72,664)	(55,297)
Income for the fiscal year	-	2,777	2,777
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)

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 2018 and 31 March 2017

(In thousands of Brazilian Reais)

	Note	31/Mar-2018	31/Mar-2017
Cash flows from operating activities			
Profit before taxes		(3,773)	2,777
Adjustments for:			
Depreciation		1,821	1,668
Amortization		82	109
Provisions for contingencies		2,593	2,067
Provision for doubtful receivables		47	124
Provision for inventory devaluation		1,385	948
Other provisions		3,674	(3,268)
Unrealized exchange rate variations		4,454	(7,060)
Unrealized intercompany discounts		-	(106)
Result on fixed asset retirement		23	67
		10,305	(2,673)
(Increase) decrease in assets and liabilities			
Other investments		67	1,275
Accounts receivable from customers		(2,928)	(3,238)
Inventories		42	(2,241)
Current tax asset		526	1,275
Other accounts receivable		208	(24)
Judicial Deposits		(822)	0
Taxes and contributions payable		(689)	334
Salaries and charges payable		(38)	34
Suppliers		3,773	5,510
Payment of tax contingencies		393	1,964
Other accounts payable		233	40
		766	4,931
		11,070	**2,258**
Interests paid on loans	18	(2,103)	(2,377)
Cash from operations		8,967	(120)
Income tax and social contribution paid on the fiscal year		(2,466)	(93)
Net cash from operating activities		6,501	(213)
Cash flows from investments and financing activities			
Acquisition of fixed asset	8	(36)	(237)
Net cash used in financing activities		(36)	(237)
Cash and cash equivalents increase/ reduction		6,465	(449)
Statement of cash and cash equivalents reduction			
At the beginning of the fiscal year		2,239	2,687
At the end of the financial year	4	8,704	2,239
		6,465	(449)

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 2017 and 2018*

The balance sheet ended as of 31 March 2018 has a negative net worth of R$ 56,292.

Management believes that these values will be reversed in the coming years, considering the change in the commercial strategy adopted; until then it was used the continuous increase in sales, without taking into account the productive capacity of the head office, causing much loss of sales and consequent space with sales points.

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.

Another important point is related to the authorization of drug products, as they are in on-going process of approval with the health regulatory agency, 25 new drugs, whose studies reveal that with the approvals, we will create a new marketing channel and the company that will revert the loss accumulated in the coming years.

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 08 May 2018.

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.a – Restatement of Financial Information as of March 31, 2017

Aiming to improve the existing accounting policies, aiming at a better presentation of accounting balances, the group Sun Pharma, opted for the unification of the Brazilian existing companies chart of accounts, and the opening balances of 2017 have therefore been restated, and are varying from the informed balances in the financial statements relating to 2017.

The aforementioned change in accounting practices had an impact on the balances appearing in the balance sheet as at March 31, 2017, due to the following reclassifications:

- The balance of R $ 448 mn related to the provision for sales returns, which previously figured as a reduction against "Accounts Receivable from customers" in the Assets, was now included in the "Other Provisions" account in the Liabilities;

- The amount of R$ 58 mn, related to the debit notes payable by the parent company, which previously figured as a reduction against "Suppliers" account in Liabilities, was now transferred to "Accounts receivable from customers" in the Assets.

- The amount of R$187 mn related to the freight adjustment on Sales Cut off transactions was transferred from "Other accounts payable" now to "Other Provisions", both of which are shown in Liabilities.

The balances of the Income & Expense Statements, for the y.e. March 31, 2017, are also being restated, since they have undergone major changes, as follows:

- Reclassified the amount of R$ 2,914 mn, related to freight and warehouse, previously included in "Cost of goods sold and services rendered" now transferred to "Administrative and General Operating Expenses";

- Reclassification of the total amount of R$ 295 mn, related to expenses with non-fixed assets [R$39] and non-deductible fines [R$ 256], which were included in "General Administrative Expenses" were now transferred to "Other Income and Expenses";

- Reclassification of R$ 138 mn of ICMS expenses on other Exit invoices, previously included in "Operating Expenses with Sales" now transferred to "Administrative and General Operating Expenses".

- Reclassification of the total amount of R$ 746 mn, related to the Insurance claim received [R$ 2], Free goods received [R$ 32] and tax refund [R$ 712], which previously figured in "Financial Revenues" were now transferred to "Other operating income / expenses";

- Reclassification of the total amount of R$ 10,833 mn, related to exchange rate variations on loans / trade payables, which were previously included in "Financial Expenses", were now transferred to "Financial Revenues";

- Reclassification of the total amount of R$ 34 mn, related to Bank Expenses, previously included in "Financial Expenses" now transferred to "General Administrative Expenses".

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. 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.

a. 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.

b. 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.

c. 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.

d. 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	10
Furniture and utensils	10
Informatic equipment	5
Vehicles	5
Improvement in 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 Section 27, NBC TG 1000 - Accounting for small and medium-sized enterprises.
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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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 R$ 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.

j. 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 31 March 2018, 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

	2018	**2017**
Cash	5	3
Banks	8,699	2,236
Other investments (Finac. Investments)	240	307
Total	**8,944**	**2,546**

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 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.

The adjustment related to the recognition of revenue are due to bills that have been invoiced, dispatched and that on 31 March, had not been received by customers.

	2018	2017
Accounts receivable	33,530	27,422
Other accounts receivable	74	59
(-) Provision f/ doubtful settlement Credits	(3,695)	(3,648)
(-) Revenue adjustment recognition	(7,872)	(4,724)
Total	**22,037**	**19,109**

On 31/03/18 the total gross value of trade bills receivable from the company, distributed by maturities as follows:

To mature	**R$**	
Within 30 days	9,452	
From 31 to 60 days	9,261	
From 61 to 90 days	7,638	
Over 91 days	3,481	
Subtotal		**29,832**
Matured		
Matured within 30 days	3	
Matured within 60 days	0	
Matured within 90 days	0	
Matured within 180 days	0	
Matured within 365 days	0	
Matured over 365 days	3,695	
Subtotal		**3,698**
Overall Total		**33,530**

6 *Inventories*

	2018	2017
Products for Resale	13,670	10,776
Adjust Revenue Recognition -Cogs	2,877	1,572
Raw material	0	0
Packaging materials	14	11
Goods in transit - Goods	6,243	8,868
Taxes on imports	102	253
Customs Broker	46	207
Others	5	6
(-) Adjustment Net Val of Realization	0	(14)
(-) Adjustment Recoverable Val. Est. Obsolete (b)	(3,989)	(2,669)
Total	**18,968**	**19,010**

The balances listed in the accounts identified above as (b) - 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.

7 *Current tax asset*

	2018	2017
ICMS tax substitution	0	19
ICMS on fixed assets	44	51
IRPJ recoverable	1,368	1,294
CSLL recoverable	299	287
IRPJ recoverable	184	770
Total	**1,895**	**2,421**

The values recorded as IRPJ and CSLL were advance payments made to the Federal Revenue of Brazil and are included in the Statement of annual adjustment.

8 *Fixed assets*

The company has conducted tests of impairment in all its assets and found losses by devaluation.

	Machines and equipment	**Furniture And utensils**	**Vehicles**	**Advance payment for fixed asset acquisition**	**Total**
Cost					
Balance as of 31 March 2017	6,330	6,202	1,490	0	14,022
Additions	11	25	-	-	36
Disposals and retirements	(15)	-	(140)	-	(155)
Transference	-	-	-	-	-
Balance as of 31 March 2018	6,326	6,227	1,350	0	13,903
Depreciation					
Balance as of 31 March 2017	(4,661)	(4,329)	(1,204)	-	(10,194)
Additions	(365)	(1,430)	(26)	-	(1,821)
Disposals and retirements	12	-	120	-	132
Balance as of 31 March 2018	(5,014)	(5,759)	(1,110)	-	(11,883)
Loss on assets devaluation					
Balance as of 31 March 2017	(21)	(13)	-	-	(34)
Additions	-	-	-	-	-
Disposals and retirements					
Balance as of 31 March 2018	(21)	(13)	-	-	(34)
Net fixed asset as of 31 March 2017	**1,648**	**1,860**	**286**	**0**	**3,794**
Net fixed asset as of 31 March 2018	**1,328**	**419**	**240**	**0**	**1,987**

9 *Suppliers*

	2018	2017
Related Party - Foreign	24,279	17,881
Imports in progress - related party	6,243	8,868
Total	**30,522**	**26,749**

The 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*

			2018		2017	
Related Parties	**Maturity**	**Charges**	**Current**	**No Current**	**Current**	**No Current**
Sun Pharma Netherlands	08/25/2018	2.5% p.a.	17,104	49,857	16,237	47,526
			17,104	**49,857**	**16,237**	**47,526**

The loans, in the amount of US $5,000 and US $15,000, respectively expire on 22 August 2018 and 10 January 2020 respectively, with semiannual interest payment, calculated with a spread of 2.50% per annum + Libor 6 months, and there is no contractual guarantees.

11 *Taxes and contributions payable*

	2018	2017
Social contributions payable		
INSS payable on payroll	125	143
INSS withheld at source	6	6
FGTS on payroll	31	34
PIS payable on turnover	7	25
COFINS payable on turnover	36	120
PIS/COFINS/CSSL/ISS withheld at source	23	20
Subtotal	**228**	**346**
Taxes payable		
Income tax withheld at source	66	75
Services tax withheld at source	3	3
ICMS on Sales (c)	(160)	236
ICMS on tax substitution	127	327
ICMS on rate differential	0	21
ICMS provision on good destruction	438	374
Contributions to Unions	0	9
Subtotal	**474**	**1,045**
Total	**702**	**1,391**

(c) the adjustment related to ICMS on sales refer to recognition of bills income that have been invoiced, dispatched and that on 31 March, had not been received by customers.

12 Other Provisions

	2018	2017
Commission on sales payable (a)	1,895	960
Bonus payable to personnel	594	740
Expenses with development of new products	1,177	420
Administrative services payable	225	273
Fine on Supply Agreement	212	265
Expenses with storage and freight	407	384
Restocking of logistics operations (b)	2,004	931
Provisions for returns	225	448
Provision of discount on trade bills	191	0
Total	**6,930**	**4,421**

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. For this reason, provisions have been made in 2018 in the amount of R$ 1,050 million, which should be paid during the year of 2018.

b) The Company uses inventories of major distributors of the country to meet the delivery of goods from negotiations carried out by the Independent Pharmacies and networks of pharmacies with decentralized delivery, these negotiations carried out by the sale task force of Ranbaxy. By way of compensation to distributors, the Company pays the amount pertinent to logistics operation, which varies between 5% to 8% over these operations of Outputs.
Reimbursements are made by means of subsidies for goods and/or additional trade discounts. The aforementioned value refers to the cost of logistics operations that are pending of settlements on 31 March 2018.

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:

	2018			2017
	Provision	**Judicial Deposit**	**Net**	**Net**
Labor	4,644	1,273	3,371	2,483
Civil	1,043	231	812	251
	5,687	682	4,183	2,734

Lawsuit statuses on the period

	2017	2018			
	Gross initial balance	**Addition to provision**	**Retirement**	**Judicial Deposit**	**Final Net Balance**
Labor	2,611	2,033	0	1,273	3,371
Civil	808	560	325	231	812
	3,419	2,593	325	1,504	4,183

There are other lawsuits assessed by legal advisors as being of possible or remote risk, amounting to R$14,526 (R$ 17,137 in 2017) 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

On 31 March 2018, the Company has 35 cases of labor complaints. In accordance with the legal advisors, 20 cases are classified with risk of probable loss, and other 15 cases are classified with risk of loss as possible and remote. The loss estimate is made, in accordance with the opinion of the advisors, and are duly updated regarding interests and their respective taxes.

b. Summary of civil processes

On 31 March 2018, the Company had a total of 40 cases of claims and complaints involving notices of infractions or questioning from the Anisa . According to legal advisors, 23 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 R$ 1.00 each and 488,425 shares of "Class B" in the nominal value of R$ 10.00 each, according to the 44th amendment to the Articles of Association, dated of 20 March 2018, which are distributed as follows:

Quota Holder	**Quotas**	**R$**
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 31 March 2018, the foreign capital registered at the Central Bank of Brazil, the basis for remittance of dividends and repatriation of capital, totalized R$ 17,367 (equivalent to US$ 12,467)

15 Operating Revenue

	2018	**2017**
Resale of goods	96,510	68,064
Resale of samples for bioequivalence	14	8
Gross revenue from sales	96,524	68,072
Taxes on sales and resales	(7,610)	(5,837)
Returns	(987)	(2,054)
(-) Sales Deductions	(8,597)	(7,891)
Operating Revenue	87,927	60,181

The company's sales on the domestic market are currently directed to distributors, networks of pharmacies, distributor hospitals.

16 Expenses with sales

	2018	**2017**
Sales Commissions (a)	6,195	5,373
Promotional campaigns	1,520	656
Promotional material	370	390
Congress and events	449	412
Market survey services	937	938
Award Objective Goal	137	242
Other promotion expenses	432	199
	10,040	8,210

(a) Sales force of the Company is composed only by autonomous sales representatives, legal entities, duly registered in the Regional Councils of Sales Representatives, and are paid through fixed commissions on sales, primary and secondary.

17 General and Administrative Expenses

	2018	2017
Personnel	9,613	11,714
Equipment Maintenance	740	800
Expenses with rents	591	625
Expenses with electricity	395	408
Provision/Expenses with contingencies	2,593	2,067
Travel expenses	1,171	940
Services Provided	1,434	1,873
Regulatory	1,650	1,592
Quality Control	1,399	1,116
Taxes and Fees	135	313
Other administrative expenses	2,865	2,029
Depreciation and Amortization	1,903	1,777
	24,489	25,254

18 Net financial (expenses) revenue

	2018	2017
Financial expenses		
Interests	(2,587)	(2,318)
Passive exchange variations	(4,014)	-
Outros	(739)	(54)
	(7,340)	(2.372)
Financial revenues		
Interests	81	198
Interest on financial investments	570	705
Exchange variations	0	10,837
Discounts received intercompany	0	106
Outros	28	3
	679	11,849
	(6,661)	9,477

19 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 31 March 2018, the coverage of insurance against operational risks was composed by R$ 22,500.

20 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 31 March 2018 the company had liabilities, denominated in foreign currency, there is no financial instrument to protect this exposure on that date.

	2018	**2017**
	USD	**USD**
Suppliers	9,183	8,427
Loans	20,146	20,125
	29,329	28,552

The following exchange rates were applied during the year:

Average Rate		**Closure Rate on the date of the Financial Statements**	
2018	**2017**	**2018**	**2017**
3.5700	3.2981	3.3238	3.1684

Exchange Rate Sensitivity Analysis

The Company has liabilities linked to foreign currency in the balance sheet as of 31 March 2018, and for the purposes of analysis of sensitivity, adopted as a likely scenario the rate of R$ 3.60.

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	3.6000	3.7500	4.0000
Passive Position	105,584	109,984	117,316
Total net effect	8,101	12,501	19,833

	Scenarios (reduction)		
Exchange Rate Risk	**Likely**	**Possible**	**Remote**
Scenarios and price levels	3.3238	3.041	2.800
Passive Position	97,483	89,189	82,121
Total net effect	0	-8,293	-15,362

(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.

21 Approval of the set of Financial Statements and Explanatory Notes

These financial statements were approved by the Management of Ranbaxy Pharmaceutical Ltda., and authorized for issue on 08 May 2018.

Walter Wiesmueller Coelho Filho
CFO - BRAZIL

Carlos Alberto Almeida
Accountant CRC-RJ 103.509/0-1

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