Financial Statements

S/A Usina Coruripe Açúcar e Álcool

March 31, 2020
with Independent Auditor’s Report

S/A Usina Coruripe Açúcar e Álcool

Financial statements

March 31, 2020

Contents

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Independent auditor's report on individual and consolidated financial statements

To the Shareholders and Management of
S/A Usina Coruripe Açúcar e Álcool
Povoado de Camaçari - AL

Opinion

We have audited the financial statements of S/A Usina Coruripe Açúcar e Álcool (the "Company"), identified as Company and Consolidated, respectively, which comprise the statement of financial position as at March 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated equity and financial position of the Company, as at March 31, 2020, and its individual and consolidated financial performance and respective individual cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

Recife, July 15, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Henrique Piereck de Sá
Accountant CRC PE023398/O-3

S/A Usina Coruripe Açúcar e Álcool

Statement of financial position
March 31, 2020
(In thousands of reais)

		Company		Consolidated	
	Notes	3/31/2020	3/31/2019	3/31/2020	3/31/2019
Assets					
Current					
Cash and cash equivalents	3	**602,460**	315,107	**604,755**	316,304
Accounts receivable	5	**71,999**	95,942	**73,510**	96,948
Inventories	6	**326,628**	485,577	**326,814**	485,864
Biological assets	11	**263,612**	236,289	**263,612**	236,289
Taxes recoverable	7	**166,883**	122,436	**166,935**	122,491
Dividends receivable		**-**	9,421	-	-
Derivative financial instruments	26	**7,614**	-	**7,614**	-
Other credits	8	**17,173**	37,008	**17,173**	37,008
Total current assets		**1,456,369**	1,301,780	**1,460,413**	1,294,904
Non-current					
Long-term					
Temporary investments	4	**3,491**	1,580	**3,491**	1,580
Inventories	6	**177,920**	65,795	**177,920**	65,795
Related parties	9	**48,789**	42,747	**45,065**	42,747
Taxes recoverable	7	**1,963**	1,665	**1,990**	1,740
Other credits	8	**2,987,065**	2,794,766	**2,987,065**	2,794,766
Judicial deposits		**1,220**	1,415	**1,220**	1,416
Investments	10	**60,920**	44,557	**20,717**	19,190
Property, plant and equipment	12	**1,455,726**	1,204,184	**1,466,874**	1,215,321
Intangible	13	**871**	593	**871**	593
Right of use	14	**1,135,577**	-	**1,135,577**	-
Total non-current assets		**5,873,542**	4,157,302	**5,840,790**	4,143,148
Total assets		**7,329,911**	5,459,082	**7,301,203**	5,438,052

See accompanying notes.

	Notes	Company 3/31/2020	Company 3/31/2019	Consolidated 3/31/2020	Consolidated 3/31/2019
Liabilities					
Current					
Accounts payable		**147,532**	99,515	**147,684**	99,743
Loans and financing	15	**1,253,339**	905,494	**1,253,339**	905,494
Leases payable	14	**61,489**	-	**61,489**	-
Agricultural partnership payable	14	**52,438**	-	**52,438**	-
Payroll and social charges		**69,124**	66,621	**69,127**	66,863
Taxes payable	16	**21,682**	26,816	**24,865**	29,443
Advances from customers		**235,954**	72,686	**235,954**	72,686
Derivative financial instruments	26	**67,033**	3,785	**67,033**	3,785
Proposed dividends	18	**26,933**	55,387	**26,933**	55,387
Related parties	9	**21,761**	-	**-**	-
Other obligations		**6,768**	4,074	**6,768**	4,074
Total current liabilities		**1,964,053**	1,234,378	**1,945,630**	1,237,475
Non-current					
Loans and financing	15	**2,173,058**	1,821,951	**2,173,058**	1,821,951
Leases payable	14	**571,550**	-	**571,550**	-
Agricultural partnership payable	14	**370,548**	-	**370,548**	-
Taxes payable	16	**107,226**	95,494	**107,226**	95,494
Deferred income tax and social contribution	24	**292,689**	593,420	**292,689**	593,420
Related parties	9	**10,285**	24,127	**-**	-
Provisions for contingencies	17	**7,781**	8,756	**7,781**	8,756
Other obligations		**378,178**	347,217	**378,178**	347,217
Total non-current liabilities		**3,911,315**	2,890,965	**3,901,030**	2,866,838
Equity	18				
Capital		**408,845**	408,845	**408,845**	408,845
Treasury shares		**(1,215)**	(1,215)	**(1,215)**	(1,215)
Revaluation reserve		**-**	2,986	**-**	2,986
Equity valuation adjustment		**88,279**	105,293	**88,279**	105,293
Profit reserves		**958,634**	817,830	**958,634**	817,830
Total equity		**1,454,543**	1,333,739	**1,454,543**	1,333,739
Total liabilities and equity		**7,329,911**	5,459,082	**7,301,203**	5,438,052

S/A Usina Coruripe Açúcar e Álcool

Statement of profit or loss
Year ended, March 31, 2020
(In thousands of reais)

		Company		Consolidated	
	Notes	2020	2019	2020	2019
Net revenue	19	**2,287,246**	2,004,107	**2,326,112**	2,004,352
Costs of products sold	20	**(1,573,792)**	(1,601,117)	**(1,577,349)**	(1,601,634)
Gross profit		**713,454**	402,990	**748,763**	402,718
Operating income (expenses)					
Selling expenses	20	**(112,440)**	(96,775)	**(112,440)**	(96,775)
General and administrative expenses	20	**(127,036)**	(127,382)	**(127,160)**	(127,394)
Equity pickup		**31,803**	995	**1,325**	1,221
Other operating income , net	22	**13,647**	57,778	**13,585**	57,754
		(194,026)	(165,384)	**(224,690)**	(165,194)
Operating income before financial income (cost)		**519,428**	237,606	**524.073**	237,524
Financial income (cost)					
Finance costs	21	**(1,247,471)**	(1,055,852)	**(1,251,337)**	(1,055,711)
Finance income	21	**484,886**	1,169,375	**486,153**	1,169,381
		(762,585)	113,523	**(765,184)**	113,670
Income before income tax and social contribution		**(243,157)**	351,129	**(241,111)**	351,194
Income tax and social contribution:					
Current	24	**34,776**	(9,057)	**32,730**	(9,122)
Deferred	24	**300,731**	(135,201)	**300,731**	(135,201)
		335,507	(144,258)	**333,461**	(144,323)
Net income or the year		**92,350**	206,871	**92,350**	206,871
Number of ordinary shares		**1,400**	1,400		
Earnings per share - expressed in reais		**65,964.29**	147,765.00		

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of comprehensive income
Year ended, March 31, 2020
(In thousands of reais)

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Net income for the year	**92,350**	206,871	**92,350**	206,871
Other comprehensive income	**-**	-	**-**	
Comprehensive income for the year	**92,350**	206,871	**92,350**	206,871

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statement of changes in equity
Year ended, March 31, 2020
(In thousands of reais)

			Capital reserve	Profit reserves					
	Capital	Treasury shares	Revaluation reserve	Legal	Retained profits	Unrealized profit reserve	Equity valuation adjustment	Retained profits	Total
Balances at March 31, 2018	408,845	(1,215)	13,044	11,600	621,625	-	120,256	-	1,174,155
Reversal of minimum mandatory dividends (Note 18.d)	-	-	-	-	8,100	-	-	-	8,100
Realization of deemed cost (Note 18.b)	-	-	-	-	-	-	(14,963)	14,963	-
Realization of revaluation reserve (Note 18.c)	-	-	(10,058)	-	-	-	-	10,058	-
Net income for the year	-	-	-	-	-	-	-	206,871	206,871
Allocation of net income (Note 18.d):									
Set-up of legal reserve	-	-	-	10,344	-	-	-	(10,344)	-
Minimum mandatory dividends	-	-	-	-	-	-	-	(55,387)	(55,387)
Retained profits	-	-	-	-	166,161	-	-	(166,161)	-
Balances at March 31, 2019	408,845	(1,215)	2,986	21,944	795,886	-	105,293	-	1,333,739
Reversal of minimum mandatory dividends (Note 18.d)	**-**	**-**	**-**	**-**	**55,387**	**-**	**-**	**-**	**55,387**
Realization of deemed cost (Note 18.b)	**-**	**-**	**-**	**-**	**-**	**-**	**(17,014)**	**17,014**	**-**
Realization of revaluation reserve (Note 18.c)	**-**	**-**	**(2,986)**	**-**	**-**	**-**	**-**	**2,986**	**-**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,350**	**92,350**
Allocation of net income (Note 18 d)									
Set-up of legal reserve	**-**	**-**	**-**	**4,617**	**-**	**-**	**-**	**(4,617)**	**-**
Minimum mandatory dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,933)**	**(26,933)**
Retained profits	**-**	**-**	**-**	**-**	**-**	**80,800**	**-**	**(80,800)**	**-**
Balances at March 31, 2020	**408,845**	**(1,215)**	**-**	**26,561**	**851,273**	**80,800**	**88,279**	**-**	**1,454,543**

See accompanying notes.

S/A Usina Coruripe Açúcar e Álcool

Statements of cash flows
Year ended March 31, 2020
(In thousands of reais)

	Notes	Company 2020	Company 2019	Consolidated 2020	Consolidated 2019
Operating activities					
Income (loss) before income tax and social contribution		**(243,157)**	351,129	**(241,111)**	351,194
Adjustments to reconcile income (loss) before income tax and social contribution to cash:					
Finance charges and exchange variations, net		**595,359**	(321,721)	**598,727**	(322,362)
Equity pickup	10	**(31,803)**	(995)	**(1,325)**	(1,221)
Depreciation and amortization		**236,431**	250,386	**240,399**	250,664
Right-of-use depreciation	14 and 20	**138,852**	-	**138,852**	-
Absorption of harvested sugarcane costs	11 and 20	**89,226**	67,838	**89,226**	67,838
Absorption of cultivation costs	11 and 20	**156,814**	174,562	**156,814**	174,562
Changes in the fair value of biological assets	11	**18,540**	19,269	**18,540**	19,269
Residual value of permanent assets write-offs	12	**7,520**	13,132	**7,520**	13,132
Residual value of sugarcane crop write-offs	11 and 12	**10,686**	11,047	**10,685**	11,047
Write-off/disposal of investment		**-**	(140)	**-**	-
Provision (reversal) of provision for contingencies	17	**(975)**	3,299	**(975)**	3,299
Constitution of provision for losses on inventories and accounts receivable		**9,664**	1,676	**9,664**	1,676
		987,157	569,482	**1,027,016**	569,098
(Increase) decrease of assets					
Accounts receivable		**22,563**	(17,780)	**21,961**	(17,944)
Inventories		**(14,386)**	(60,181)	**(14,285)**	(60,232)
Taxes recoverable		**(9,953)**	(22,977)	**(9,904)**	(22,974)
Judicial deposits		**194**	2,610	**194**	2,610
Other credits		**(32,261)**	(9,132)	**(32,261)**	(9,080)
Increase (decrease) of liabilities					
Accounts payable		**48,017**	4,697	**48,042**	4,517
Payroll and social charges		**2,503**	548	**2,265**	587
Taxes payable		**6,598**	60,847	**7,063**	61,756
Advances from customers		**163,268**	69,210	**163,269**	69,210
Other obligations		**33,453**	103,166	**33,453**	103,153
		219,996	131,008	**219,797**	131,603
Cash from operating activities		**1,207,153**	700,490	**1,246,813**	700,701
Income tax and social contribution paid		**-**	-	**(1,957)**	(783)
Net cash from operating activities		**1,207,153**	700,490	**1,244,856**	699,918
Investing activities					
Temporary investments		**(1,819)**	(2,012,948)	**(1,819)**	(2,012,948)
Redemption of temporary investments		**-**	2,123,945	**-**	2,125,931
Biological assets (treatment and planting)	11	**(189,463)**	(162,140)	**(189,463)**	(162,140)
Investmentes in property, plant and equipment	12	**(608,831)**	(355,762)	**(612,810)**	(356,183)
Investments in intangible assets	13	**(66)**	(103)	**(66)**	(103)
Dividends received		**23,594**	-	**-**	-
Net cash from acquisition of investment		**-**	-	**-**	365
Net cash flows used in investing activities		**(776,585)**	(407,008)	**(804,158)**	(405,078)

S/A Usina Coruripe Açúcar e Álcool

Statements of cash flows (Continued)
Year ended March 31, 2020
(In thousands of reais)

		Company		Consolidated	
	Notes	2020	2019	2020	2019
Financing activities					
Proceedings from loans and financing	15	**1,465,032**	802,321	**1,465,032**	802,321
Amortization of loans and financing - principal	15	**(1,138,586)**	(687,271)	**(1,138,586)**	(687,271)
Amortization of loans and financing - interest	15	**(270,878)**	(265,505)	**(270,878)**	(265,505)
Payment of agricultural leases and partnerships (CPC 06 (R2))	14	**(207,611)**	-	**(207,611)**	-
Proceeding/receipt of intercompany loans with related parties		**832,744**	39,935	**29,969**	35,085
Payments of intercompany loans with related parties		**(823,917)**	(4,663)	**(30,174)**	(95)
Net cash flows used in financing activities		**(143,216)**	(115,183)	**(152,248)**	(115,465)
Increase in cash and cash equivalents		**287,352**	178,299	**288,450**	179,375
Cash and cash equivalents					
At beginning of the year		**315,107**	136,808	**316,304**	136,929
At end of the year		**602,459**	315,107	**604,754**	316,304
Increase in cash and cash equivalents		**287,352**	178,299	**288,450**	179,375

See accompanying notes.

1. Operations

a) Social object

S/A Usina Coruripe Açúcar e Álcool (“Company”) is a privately-held corporation, formed on February 2, 1925, headquartered in the municipality of Coruripe, State of Alagoas, whose corporate purpose is: a) industrial exploration of sugarcane and its industrial derivatives; b) import and export of products related to its activities, including as an export trade; c) the development of clean development mechanism (CDM) projects, aimed at the generation and commercialization of certified emission reductions (CERs) and/or verified emission reductions (RVEs); d) production and sale of electricity, live steam, exhaust steam and all derivatives from cogeneration of electricity; e) the exploration of other related activities; and g) participation in the capital of other companies, even if in other economic sectors.

The Company also has a railroad terminal leased in Fernandópolis, São Paulo, and an administrative office in Maceió, Alagoas.

The Company has five industrial units, one in the State of Alagoas, in the municipality of Coruripe, and four in the State of Minas Gerais, in the municipalities of Campo Florido, Carneirinho, Iturama and Limeira do Oeste, and processed 14,630 thousand tons of sugarcane sugar in the 2019/2020 harvest (2018/2019 harvest: 13,068 thousand tons). The annual harvest period in the Northeast begins in September and ends in March, while in the Southeast it begins in April and ends in December, generating fluctuations in the Company's inventories, since approximately 24% (2018/2019 harvest: 25%) of production is located in the Northeast and 76% (2018/2019 harvest: 75%) in Southeast. In the 2019/2020 crop, 36.8% (2018/2019 harvest: 37%) of the sugarcane used in the manufacture of the products came from crops belonging to agricultural partnerships, including partnerships with shareholders and related companies and 63.2% (2018/2019 harvest: 63%) from third party suppliers.

b) Operational context

Business in the sugar and alcohol sector is subject to a series of exposures that can directly impact the Company's results. The behavior of the exchange rate, international sugar and oil prices and the result of harvests in producing countries around the globe, added to the lack of internal policies for the sector, are vital to the formation of the Company's sales prices.

1. Operations (Continued)

b) Operational context (Continued)

During the 2019/2020 harvest, the Company maintained its focus on its security policies, investments in expansion and new products, in addition to an increasing emphasis on structure and cost control aiming at an ever better operational efficiency. The Company's investments focused on sugarcane recovery, energy production, sugar refinery and packaging of crystal sugar at the Campo Florido-MG unit were fundamental and contributed to the leverage of the company's financial and operating indices, among the main ones being the historical record milling rate 3.25% above the last record recorded in the 2016/2017 crop and 12% above the previous crop (2018/2019), a historical record also in operating profit, gross sales and “Adjusted Ebitda” margin. The planned investment actions allowed the Company to massively participate in the domestic retail market for packaged crystal sugar (packages of 2 kg and 5 kg) with the launch of the Coruripe brand in MG, (Minas Gerais triangle and Belo Horizonte metropolitan region) soon expanding for the other states in the Southeast region. Additionally, the Company has advanced negotiations for the entry of the sanitizer market with the launch of its own brand “Coruripe” of Alcohol Gel.

The signaling of surplus sugar stocks worldwide during the harvest, continued to press sugar prices down and has demanded expertise and a quick interpretation of the market price fluctuations in the commercial area to determine the sugar fixations and production mix in the harvest 2019/2020, with less favorable sugar prices on the foreign market, the Company, through a quick reading of the scenario, focused on the internal market for crystal sugar and mainly anhydrous and hydrated ethanol with extremely attractive prices in the harvest in relation to sugar. Approximately 54% of the grinding was destined for the production of sugar (10.9% crystal and 43.1% VHP), while 46% of the grinding was destined for the production of ethanol, in the 2018/2019 harvest the mix was 53% for the production of sugar and 47% for the production of ethanol.

Financial restructuring

As of March 31, 2020, the Company recorded negative consolidated working capital in the amount of R$ 507,684, in the parent company, and R$ 485,217, in the consolidated, mainly due to the effects resulting from the adoption of CPC 06 (R2) and the result negative with exchange variation (33.4% increase) in the current year. As mentioned in Note 29, management concluded negotiations with the main creditor banks in order to talk about short- and long-term debt. Accordingly, management understands that the cash flow of the Company and its subsidiary for the next twelve months will not only revert the net working capital position shown on March 31, 2020, but will generate additional cash for the Company.

1. **Operations** (Continued)

b) Operational context (Continued)

Coronavirus effect on financial statements

Due to the declaration of the outbreak of COVID-19 as a pandemic by the World Health Organization ("WHO"), several actions were taken by governments in several countries, including Brazil, through Federal, State and Municipal Governments. In this sense, the social isolation measures adopted to contain the spread of the virus caused interference in economic activities causing uncertainty and could impact the activities of the sugar and ethanol sectors.

Government entities have, since then, implemented several economic and financial aid measures, such as: (i) postponement of payment of some taxes; (ii) reduction of mandatory contribution rates, (iii) exemption from IOF for loans and financing for 90 days (iv) extension of deadlines for delivery of ancillary obligations, among others.

The Company and its subsidiary are focused on acting on 3 pillars: the preservation of people, continuous operational efficiency and the preservation of the business fundamentals necessary for the recovery of the economy. The majority of administrative staff is working remotely, respecting all municipal decrees in force. Internal communication actions were reinforced by the Human Resources area so that employees have guidelines for preventing COVID-19, as well as guidelines for preserving the well-being of all in a new operational format (Home Office). The initiatives necessary to deal with an economic recovery are being preserved, among them: the continuous improvement of governance elements, the continuity of projects of strategic industrial and agricultural relevance, the strengthening of the Company's cash and the continuous search for operational improvements, aiming at always the excellence of its results.

The possible impacts of COVID-19 are reflected in the estimates and judgments made in the preparation of these financial statements. Substantially, those realized at fair value of biological assets, in derivative financial instruments with foreign exchange exposure and in the impairment test of non-financial assets, factors that could impact the results of the Company's future years.

The Company's individual and consolidated financial statements for the year ended March 31, 2020 were authorized for issue in accordance with a resolution by the Board of Executive Officers on July 15, 2020.

2. Summary of significant accounting practices

The individual and consolidated financial statements were prepared based on the various valuation bases used in the accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on objective and subjective factors, based on management's judgment to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the selection of useful lives of fixed assets and their recoverability in operations, valuation of financial assets and biological assets at fair value, recoverability of deferred income tax and social contribution, as well as analysis of other risks for determining other provisions, including contingencies.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent in the estimation process. The Company and its subsidiary review its estimates and assumptions at least annually.

The Company's fiscal year begins on April 1 and ends on March 31.

2.1. Statement of compliance and basis of preparation

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, which comprise the pronouncements of the Brazilian Accounting Pronouncements Committee (CPC), approved by the Brazil's National Association of State Boards of Accountancy (CFC), as Brazilian Accounting Standards (NBC). The financial statements show all the relevant information specific to the individual and consolidated financial statements, and only these, which are consistent with those used by management in its management.

The parent company's consolidated financial statements and individual financial statements are being presented side by side in a single set of financial statements.

The individual and consolidated financial statements were prepared based on historical cost, with the exception of the following material items recognized in the balance sheets: derivative financial instruments and biological assets measured at fair value through profit or loss.

2. Summary of significant accounting practices (Continued)

2.2. Basis of consolidation and investment in subsidiary

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of March 31, 2020. Control is obtained when the Company is exposed or has the right to variable returns based on its involvement with the investee and has the ability to affect these returns through the power exercised in relation to the investee.

Specifically, the Company controls an investee if, and only if, it has:

- Power in relation to the investee (ie, existing rights that guarantee the current ability to direct the relevant activities of the investee);
- Exposure or right to variable returns arising from your involvement with the investee; and
- The ability to use your power in relation to the investee to affect the value of your returns.

There is generally a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than the majority of the voting rights of an investee, the Company considers all relevant facts and circumstances when assessing whether it has power in relation to an investee, including:

- The contractual agreement between the investor and other holders of voting rights;
- Rights arising from other contractual agreements; and
- The voting rights and potential voting rights of the Company (investor).

The Company assesses whether or not it exercises control over an investee if facts and circumstances indicate that there are changes in one or more of the three control elements mentioned above. The consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company ceases to exercise said control. Assets, liabilities and results of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which the Company obtains control until the date on which the Company ceases to exercise control over the subsidiary.

2. Summary of significant accounting practices (Continued)

2.2. Basis of consolidation and investment in subsidiary (Continued)

The result and each component of other comprehensive results are attributed to the Company's controlling shareholders and non-controlling shareholders, even if this results in a loss to non-controlling shareholders. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Company's accounting policies. All assets and liabilities, results, income, expenses and cash flows of the same group, related to transactions between members of the Company, are totally eliminated in the consolidation.

The variation in the subsidiary's equity interest, without loss of control, is accounted for as an equity transaction.

If the Company loses control exercised over a subsidiary, the corresponding assets (including any goodwill) and the subsidiary's liabilities are written off at their book value on the date the control is lost and the book value of any equity interests is written off of non-controlling shareholders on the date that control is lost (including any components of other comprehensive income attributed to them). Any resulting difference as a gain or loss is recorded in income. Any retained investment is recognized at fair value on the date when control is lost.

The consolidated balances in the financial statements for the year ended March 31, 2020 and 2019 include the following subsidiary:

			% of participation	
	Country	**Social exercise**	**2020**	**2019**
Coruripe Energética S.A.	Brazil	March, 31	**100%**	100%

2. Summary of significant accounting practices (Continued)

2.3. Foreign currency translation

The consolidated financial statements are presented in reais (R$), which is the functional currency of the Company and its subsidiary.

Transactions and balances

Foreign currency transactions are initially recorded at the exchange rate of the functional currency in effect on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate on the reporting date. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate in effect on the date of the transaction.

In determining the exchange rate to be used in the initial recognition of the respective asset, expense or revenue (or part of it) related to prepayment or receipt, the transaction date is the date on which the Company initially recognizes the non-monetary asset or the non-monetary liability arising from payment or early receipt. When there are several payments or receipts in advance, the Company determines the date of the transaction for each payment or receipt of the anticipated consideration.

2.4. Government grants

Government grants are recognized when there is reasonable certainty that the benefit will be received and that all related conditions will be met. When the benefit refers to an expense item, it is recognized as revenue over the benefit period, in a systematic manner in relation to the costs whose benefit is intended to offset. When the benefit refers to an asset, it is recognized as deferred income and charged to income in equal amounts over the expected useful life of the corresponding asset.

2. Summary of significant accounting practices (Continued)

2.4. Government grants (Continued)

The Company is the beneficiary of the following government grants and assistance:

<u>ICMS</u>

Subsidized loan

The Company, within the scope of the Support Program for the Implementation of Strategic Agroindustries (PROE) AGROINDÚSTRIA, has the following subsidized loans granted by the Government of the State of Minas Gerais, with resources from the Fund for the Development of Strategic Industries (FUNDIEST):

This financing is subject to monetary restatement based on the IGP-M variation. The payment term for each financed installment is 96 months. On the payment date of each installment, an incentive to reduce 50% of the monetary restatement is granted.

Presumed credit - Alagoas

The Company, in its industrial unit in Coruripe (AL), signed with the Treasury Department through Decree No. 59,991, of July 27, 2018, of the Government of the State of Alagoas, a new regulation for the assumed credit taking, in a joint effort between the mills in the state of AL, the state government approved the new decree matching the benefits of the state of Alagoas to the benefits granted by the state of Pernambuco, the change allows the plants of the state of AL to regain competitiveness in the sugar market and alcohol in the northeast region, the decree provides for the following tax benefits:

2. Summary of significant accounting practices (Continued)

2.4. Government grants (Continued)

ICMS (Continued)

Presumed credit (Continued)

- Presumed 7% ICMS credit on sales of crystal sugar within the State of Alagoas;
- Presumed 9% ICMS credit on sales of crystal sugar outside the State of Alagoas;
- Presumed 6% ICMS credit on VHP sugar exports;
- Presumed 12% ICMS credit on hydrous ethanol sales to and from the State of Alagoas;
- Presumed ICMS credit of 0% on sales of anhydrous ethanol in and out of the State of Alagoas;
- Presumed ICMS credit of 0% on total sales of other products;
- Credit of 0.1% on the total value of exports.

The decree also provides that the balance of credits accumulated in the harvests ended on August 31 in the state of AL, may be used until the end of the following harvest, the balance remaining after that period must be reversed under the decree.

Presumed credit - Minas Gerais

In the industrial units located in the state of Minas Gerais, the Company has, according to Article 75, Item XXXII RICMS / 02 MG, a presumed ICMS credit in the amount of 2.5% on sales of products derived from sugar cane as below:

- Ethanol and sugar, in internal, interstate and export operations; and
- Electric energy produced from sugarcane bagasse, in internal operations.

2. Summary of significant accounting practices (Continued)

2.4. Government grants (Continued)

Presumed credit - Minas Gerais (Continued)

On October 23, 2018, a protocol of intentions was signed, on the one hand, by the State of Minas Gerais, the State Secretariat for Economic Development, Science, Technology and Higher Education - Sedectes, the State Department of Finance - SEF, the State Secretariat of Transport and Public Works - SETOP and by the institutions of indirect administration of the State of MG, the Institute of Integrated Development of Minas Gerais - INDI, the Department of Buildings and Highways of Minas Gerais - DEER, and on the other side : the Association of Sugar and Energy Industries of Minas Gerais - SIAMIG.

The purpose of this protocol of intentions is to enable maintenance and the realization of new investments, through the improvement of the state's infrastructure, by companies in the sugar-energy sector of Minas Gerais, thus considered the Adherent to the terms of the protocol, companies with special regime . Companies adhering to the protocol undertake to invest in road works and other works of public interest that contribute to the economic development of Minas Gerais and that will be submitted for the approval of DEER and SETOP or competent state body, the percentage of 0.4 % of annual sales, based on the immediately preceding financial year. With the adhesion to the protocol of intentions, the presumed effective credit of ICMS of companies in the sugar-energy sector of 2.5% on the billing was extended until 12/31/2028 and consolidation through the deposit in Confaz of the incentive by the State of Minas Gerais, in return, sucreenergetic companies will invest 0.4% in roads and works that benefit the public.

SUDENE Incentive

On November 28, 2019, the Company obtained through letter No. 4054/2019 / SIBF / Sudene, issued by the Ministry / Superintendence of Development of the Northeast (SUDENE), the approval of constitutive report No. 155/2019, which granted a tax reduction benefit of 75% of Income Tax and additional, calculated based on operating profit. The benefit was granted to the headquarters unit headquartered in the City of Coruripe in the State of AL, the period of fruition is 10 years starting on January 1, 2019 until December 31, 2028.

2. Summary of significant accounting practices (Continued)

2.5. Financial instruments

i) Financial instruments

The Company adopts the CPC 48, Financial Instruments and classifies its financial assets into: measured at amortized cost, at fair value through other comprehensive income and at fair value through income.

Financial assets and liabilities are recognized when the Company and its subsidiary are part of the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, if applicable, after initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the income.

a) Financial assets

Financial assets are classified into the following specific categories based on the business model by which they are maintained and the characteristics of their contractual cash flows: (i) measured at amortized cost; (ii) at fair value through profit or loss; and (iii) at fair value through other comprehensive income. The classification depends on the nature and purpose of the financial assets and is determined on the date of initial recognition. The Company has the following main financial assets:

Measured at fair value through profit or loss

Financial instruments recorded at fair value through profit or loss: assets held for trading or designated as such at the time of initial recognition. The Company manages these assets and makes purchase and sale decisions based on their fair values in accordance with the documented risk management and investment strategy. These financial assets are recorded at the respective fair value, the changes of which are recognized in the income for the year. The Company has the following main financial assets classified in this category:

- Temporary investments (Notes 4 and 5); and
- Derivative financial instruments (Note 25).

2. Summary of significant accounting practices (Continued)

2.5. Financial instruments (Continued)

i) Financial instruments (Continued)

a) Financial assets (Continued)

Measured at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met: (i) the financial asset is maintained within a business model whose objective is to maintain financial assets, in order to receive contractual cash flows and (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is written off, modified or reduced to recoverable value. The Company has the following main financial assets classified in this category:

- Cash and cash equivalents, except temporary investments (Note 4);
- Accounts receivable (Note 6);
- Related parties (Note 10);

Impairment of financial assets

The calculation of impairment of financial instruments is performed using the hybrid concept of “expected and incurred credit losses”, requiring a relevant judgment on how changes in economic factors affect expected credit losses. Said provisions will be measured in: (i) credit losses expected for 12 months, (ii) credit losses expected for life, that is, credit losses that result from all possible events of default over the expected life of a financial instrument and (iii) credit losses incurred due to the inability to make contractual payments for the financial instrument.

2. Summary of significant accounting practices (Continued)

2.5. Financial instruments (Continued)

i) Financial instruments (Continued)

b) Financial liabilities

The Company's financial liabilities include accounts payable to suppliers, loans and financing (Note 15), leases, agricultural partnership (Note 14), related parties (Note 10) and other obligations, which are classified as amortized cost. After initial recognition, loans and financing are measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are written off, as well as during the amortization process using the effective interest rate method.

ii) Derivative financial instruments

The Company uses derivative financial instruments, such as futures exchange contracts, interest rate swaps and commodity forward contracts, to hedge against its exchange rate risks, interest rate risks and commodity price risks, respectively . These derivative financial instruments are initially recognized at fair value on the date that a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. Summary of significant accounting practices (Continued)

2.6. Leases

As of April 1, 2019, the Company adopted CPC 06 (R2) - Leases, which introduced a unique model for accounting for agricultural leases and partnerships in the balance sheet. The right to use the asset was recognized as an asset and the obligation to make payments as a liability. The comparative information presented for March 31, 2019 follows CPC 06 (R1) and related interpretations, following the modified retrospective approach. Here are the details of the changes in accounting policies:

a) Leases CPC 06 (R2) definition

The Company and its subsidiaries consider leasing any contract that, upon consideration, transfers the right to control the use of an asset for a certain period. Accordingly, agricultural partnership contracts were accounted for under the scope of the accounting standard, despite having a different legal nature to leases.

b) Lessee

The Company adopted the simplified approach with a cumulative effect and the following criteria: (i) liabilities: balances remaining from the contracts in force on the date of initial adoption, net of advances made and discounted by the average quotation of future DI contracts (nominal interest coupon) with terms equivalent to the partnership and lease agreements; and (ii) assets: an amount equivalent to the liability adjusted to present value. The remeasurement of the right of use and the balance payable is carried out at the end of the year, based on the update of the Consecana Index.

No assets and liabilities were recognized for low-value contracts (computers, telephones and computer equipment in general) and/or valid for a limited period of 12 months. Payments associated with these contracts were recorded as an expense using the straight-line method.

c) Lessor

There was no change in the accounting method for contracts in which the Company appears as lessor. The impacts of adopting the standard are detailed in Note 14.

2. Summary of significant accounting practices (Continued)

2.7. Treasury shares

Represented by own shares acquired from former shareholders and held in treasury. They are recognized at acquisition cost and classified as a reduction in shareholders' equity. No gain or loss is recognized in the income statement on the purchase and sale, issue or cancellation of the Company's own equity instruments.

2.8. Environmental issues

The industrial parks and activities related to the Company's plantations are subject to environmental regulations. The Company reduces the risks associated with environmental issues through operational procedures and controls and investments in equipment and pollution control systems. Based on the laws and regulations in force in Brazil, the Company's Management believes that, currently, no provision for losses related to environmental issues is necessary.

2.9. Use of estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

The estimates and judgments that present a significant risk, with the probability of causing a relevant adjustment in the book values of assets and liabilities for the next fiscal year, are contemplated below:

<u>Impairment of non-financial assets</u>

Annually, the Company tests any losses (impairment) in its non-financial assets. The recoverable amounts of Cash-Generating Units (CGUs) were determined based on calculations of the value in use, carried out based on estimates and budget projections approved by management.

2. Summary of significant accounting practices (Continued)

2.9. Use of estimates and judgments (Continued)

Biological assets

It represents the present value of the estimated net cash flows for these assets, which is determined through the application of assumptions established in discounted cash flow models (Note 11). The effects of changes at fair value between periods are directly allocated to the cost of products sold.

Income tax, social contribution and other taxes

The Company recognizes provisions for situations in which it is probable that additional amounts of tax are due. When the final result of these matters differs from the amounts initially estimated and recorded, these differences will affect current and deferred tax assets and liabilities in the year in which the definitive amount is determined.

Deferred income tax and social contribution assets

Deferred income tax and social contribution assets are recognized for all unused tax losses only to the extent that it is probable that taxable profit will be available to allow the use of said tax losses in the future. Additionally, the Company recognizes deferred taxes based on temporary differences determined from the tax base and the book value of certain assets and liabilities, using the rates in force. Significant management judgment is required to determine the amount of deferred income tax and social contribution assets that may be recognized, based on a reasonable term and level of future taxable profits, together with future tax rationalization strategies.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. The Company uses its judgment to choose several methods and to define assumptions that are mainly based on the market conditions existing at the balance sheet date.

In addition, certain financial assets and liabilities are discounted to present value. Management estimates the most appropriate discount rates in each circumstance and period.

2. Summary of significant accounting practices (Continued)

2.9. Use of estimates and judgments (Continued)

Provision for contingencies

The Company is a party involved in labor, civil and tax lawsuits that are at different levels. Provisions for contingencies, constituted to cover potential losses arising from ongoing lawsuits, are established and updated based on management's assessment, based on the opinion of its legal advisors and require a high degree of judgment on the matters involved.

Incremental fee for agricultural leases and partnerships to be paid

Use rights and liabilities for leases and agricultural partnerships are measured at present value based on discounted cash flows through an incremental loan rate. This weighted average loan rate involves estimation, since it consists of the rate that the lessee would have to pay on a loan to raise the funds necessary to obtain an asset of similar value, in a similar economic environment, with equivalent terms and conditions and in depending on the lessee's credit risk, the term of the contract and the guarantees offered.

2.10. Changes in the main accounting policies due to new CPC and ICPC standards

The Company has adopted since April 1, 2019 CPC 06 (R2) - Leases (Note 2.6) and ICPC 22 - Uncertainties in relation to tax treatments (below).

ICPC 22 - Uncertainties over income tax treatments

This interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 - Income taxes when there is uncertainty about income tax treatments. In these circumstances, the entity must recognize and measure its current or deferred tax asset or liability, applying the requirements of CPC 32 based on taxable profit, tax bases, unused tax losses, unused tax credits and rates determined based on ICPC 22. This interpretation is in effect, in the case of the Company, as of April 1, 2019 and no relevant impact has been identified in relation to said interpretation.

2. Summary of significant accounting practices (Continued)

2.11. New CPC and ICPC Interpretations applicable to the financial statements

The effective new standards and interpretations issued by the IASB, but not yet in effect until the date of the issuance of the Company's financial statements, are described below. The early adoption of standards, although accepted by the IASB, is not permitted in Brazil by the CPC.

The Company intends to adopt these new and altered standards and interpretations, if applicable, when they come into force. The following amended standards and interpretations are not expected to have a significant impact on the Company's individual and consolidated financial statements:

- Changes in references to the conceptual framework in the CPC standards;
- Definition of a business (changes in CPC 15); and
- Definition of materiality (amendments to CPC 26 and CPC 23).

2.13. Statements of cash flows

The cash flow statement was prepared using the indirect method and is presented in accordance with the Brazilian Technical Accounting Standard NBCT 3.8 - Cash Flow Statement (equivalent to CPC 03 (R2)) issued by the Federal Accounting Council - CFC. The Company presents interest paid on loans and financing as part of its financing activities.

2.14 Presentation of information by segments

The information by operating segments is presented in a manner consistent with the internal report provided to the main operating decision makers. The main operating decision maker, responsible for allocating resources and evaluating the performance of the operating segments, is the Board of Directors, which is responsible for the Company's main strategic decisions.

(In thousands of reais)

3. Cash and cash equivalents and temporary investments

Cash and cash equivalents comprise cash and bank deposits, in Brazil and abroad.

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Cash and cash equivalents:				
Cash	**97**	29	**97**	29
Banking check account				
In Brazil	**3,472**	30,878	**5,767**	32,075
Abroad	**222,305**	153,793	**222,305**	153,793
	225,874	184,700	**228,169**	185,897
Temporary investments	**376,586**	130,407	**376,586**	130,407
	602,460	315,107	**604,755**	316,304

Temporary investments are held in prime financial institutions and have low credit risk. They are remunerated mainly for the CDI variation and are available for immediate use without loss of income. These operations have a maturity of less than three months from the contracting date and because they meet the requirements in CPC 03, they were classified as cash equivalents.

4. Temporary investments (Company and Consolidated)

	2,020	**2019**
Temporary investments:		
In local currency	**3,491**	1,580
	3,491	1,580

Temporary investments basically include bonds and securities with maturities over 12 months, which are mainly represented by investments in Bank Deposit Certificates (CDB), committed and capitalization bonds, with annual remuneration rates that, on March 31, 2020, range from 90% to 105% of the CDI (2019: 67% to 105.7% of the CDI).

(In thousands of reais)

5. Accounts receivable

Accounts receivable from customers are valued at present value and deducted from the allowance for loan losses, when applicable.

The balance of accounts receivable from customers is composed as follows:

	Company		Consolidated	
	2020	2019	2020	2019
In Brazil	**52,784**	70,240	**54,295**	71,246
Abroad	**19,677**	26,164	**19,677**	26,164
	72,461	96,404	**73,972**	97,410
(-) Allowance for doubtful accounts	**(462)**	(462)	**(462)**	(462)
	71,999	95,942	**73,510**	96,948

The breakdown of accounts receivable by maturity is shown below:

	Company		Consolidated	
	2020	2019	2020	2019
Due	**66,926**	92,421	**68,437**	93,427
Overdue:				
From 1 to 30 days	**4,662**	916	**4,662**	916
From 31 to 90 days	**310**	356	**310**	356
From 91 to 120 days	**72**	127	**72**	127
More than 121 days ago	**491**	2,584	**491**	2,584
	72,461	96,404	**73,972**	97,410

The expected losses on doubtful debts were estimated based on the credit risk analysis, which includes the history of losses, the individual situation of the clients, the situation of the economic group to which they belong, the real guarantees for debts and the assessment of legal advisors.]The estimated losses on doubtful accounts are considered sufficient for the Company's management to cover possible losses on the amounts receivable and the change in the provision is shown as follows:

	Company	
	2020	2019
Opening balance	(462)	(1,072)
Constitution	**-**	(1,182)
Reversal	**-**	1,792
Closing balance	**(462)**	(462)

(In thousands of reais)

5. Accounts receivable (Continued)

As required by CPC 48 and reinforced by the pandemic situation arising from COVID-19, management carried out an analysis of the expectation of future loss on its accounts receivable and concluded that a allowance for doubtful accounts constituted on March 31, 2020 is sufficient to cope with these expected losses.

6. Inventories and advances to sugarcane suppliers

Inventories are stated at average acquisition or production cost, adjusted, when necessary, by a provision for reduction to realizable values.

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Finished products:				
Sugar	**17,198**	18,299	**17,198**	18,299
Ethanol	**17,162**	12,596	**17,162**	12,596
Molasses	**943**	1,306	**943**	1,306
Spare parts	**59,500**	59,184	**59,885**	59,670
Sugar stock for resale	**8,800**	-	**8,800**	-
Third party inventory held by us	**-**	7,490	**-**	7,490
	103,603	98,875	**103,988**	99,361
Provision for losses on inventories	**(6,591)**	(6,591)	**(6,790)**	(6,790)
	97,012	92,284	**97,198**	92,571
Advances to sugarcane suppliers	**419,075**	460,963	**419,075**	460,963
Provision for losses on advances	**(11,539)**	(1,875)	**(11,539)**	(1,875)
	407,536	459,088	**407,536**	459,088
	504,548	551,372	**504,734**	551,659
Current	**(326,628)**	(485,577)	**(326,814)**	(485,864)
Non-current	**177,920**	65,795	**177,920**	65,795

The Company entered into partnerships for the acquisition of sugarcane produced in rural properties from third parties (including under an agricultural partnership regime). Contracts are usually signed for a term of up to seven sugarcane cycles. As of March 31, 2020, the balance of advances to sugarcane suppliers, in the amount of R$ 419,075 (2019: R$ 460,963), is equivalent to approximately 4,930 thousand tons of sugarcane (2019: 5,553 thousand tons), which corresponds to 32.9% (2019: 37.7%) of the Company's annual production capacity.

The movement in the provision for losses in inventories and advances to sugarcane suppliers is represented as follows:

	2020	**2019**
Opening balance	(8,466)	(5,570)
Constitution	**(9,664)**	(2,896)
Closing balance	**(18,130)**	(8,466)

S/A Usina Coruripe Açúcar e Álcool

Statements of financial position (Continued)
March 31, 2020
(In thousands of reais)

7. Taxes recoverable

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Cofins	**62,396**	73,037	**62,396**	73,037
PIS	**11,363**	9,692	**11,363**	9,692
IPI	**11,777**	11,529	**11,777**	11,529
ICMS	**30,276**	12,365	**30,276**	12,367
ICMS on fixed assets - CIAP	**3,229**	2,399	**3,304**	2,522
IRPJ paid in advance	**24,279**	5,996	**24,279**	5,996
CSLL paid in advance	**21,310**	7,484	**21,310**	7,484
Other	**4,216**	1,599	**4,220**	1,604
	168,846	124,101	**168,925**	124,231
Current	**(166,883)**	(122,436)	**(166,935)**	(122,491)
Non-current	**1,963**	1,665	**1,990**	1,740

The balances of recoverable taxes come from trade transactions and prepayments, adjusted to present value when applicable.

The expectation of realizing long-term tax credits is as follows:

	Company	
Year	**2020**	**2019**
Harvest 2020/2021	**-**	655
Harvest 2021/2022	**1,064**	453
Harvest 2022/2023	**798**	166
Harvest 2023/2024 onwards	**101**	391
	1,963	1,665

The Company filed declaratory judgment action pleading non-existence of legal-tax relationship regarding undue payments made with the Federal Finance Office, claiming exclusion of ICMS from the PIS and COFINS tax base, as well as the right to be fully refunded of the overpaid amounts. The suit filed in 2005 also pleaded the decennial period from the filing of the lawsuit, that is, retroactively to 1995.

On December 13, 2018, the final decision granted the Company's claims in proceeding AMS93049 – AL (0003665-31.2005.4.05.8000) for considering the inclusion of ICMS in the PIS and COFINS tax base unconstitutional, and acknowledging the right to offset and/or refund the unduly paid amounts, under the same title, from the period beginning 1995 (10 years prior to filing of the suit) to March 2017, date on which the Federal Supreme Court (STF) judged Appeal (RE) No. 574.706, processed as general resonance, through which the inclusion of ICMS in the PIS and COFINS tax base was considered unconstitutional by majority voting.

(In thousands of reais)

7. Taxes recoverable (Continued)

Thus, at March 31, 2020, the Company has recognized in its assets the amount of R$ 36,388 (2019: R$ 35,014) from PIS and Cofins credits, duly updated by SELIC from its origin until March 31, 2020. The aforementioned credits were determined based on the ICMS amounts disclosed in the selling invoices, aligned with the Supreme Court's (STF) understanding in the decision above..

8. Other credits (Company and Consolidated)

		3/31/2020	3/31/2019
Indemnity credits - IAA	(a)	**2,966,111**	2,723,272
Accounts receivable from crop sales	(b)	**10,081**	75,700
Advances to employees		**4,324**	4,633
Other credits		**23,722**	28,169
		3,004,238	2,831,774
Current		**(17,173)**	(37,008)
Non-current		**2,987,065**	2,794,766

(a) Ordinary Actions for Indemnification for Losses and Damages against the UNION - IAA 4870

Still in the 90's, the Company filed two Indemnity Actions for Losses and Damages against the Federal Union and the extinct Instituto do Açúcar e Álcool ("IAA 4870"), aiming at obtaining the indemnity for the losses resulting from the fixing of sugar prices and of alcohol below production cost, in all harvests for the period from March 1985 to November 1992. These lawsuits have become unappealable in previous years, configuring that the right to compensation claimed by the Company can no longer be modified.

Thus, in 2015, the Company prepared calculations to estimate the present value of the expected cash flows from these indemnities and recorded at the time, the amount of R$ 1,602,473. Thereafter, the Company started to update the credit value by varying the IPCA-E in subsequent years. During the current period, the Company recognized the amount of R$ 242,838 (03/31/2019: R$ 59,483) (Note 21), corresponding to the update by the IPCA-E in the period.

In December 2018, the Company revised the estimate of the present value of these indemnities due to changes in some of the assumptions used in the calculations. As a result of applying these new assumptions, the Company recorded the amount of R$ 1,731,886, complementing the amount recorded in 2015, related to the update of the present value of the cash flows expected from these indemnities. In March 2020, the total share price is R$ 2,966,111 (03/31/2019: R$ 2,723,272). Additionally, the Company has recognized the amount of R$ 378,179 (03/31/2019: R$ 347,217) corresponding to the provision for payment of attorneys' fees, as well as deferred deferred income tax and social contribution liabilities, and deferred PIS and Cofins liabilities on the portion of interest and correction on said credits.

8. Financial investments (Company and Consolidated) (Continued)

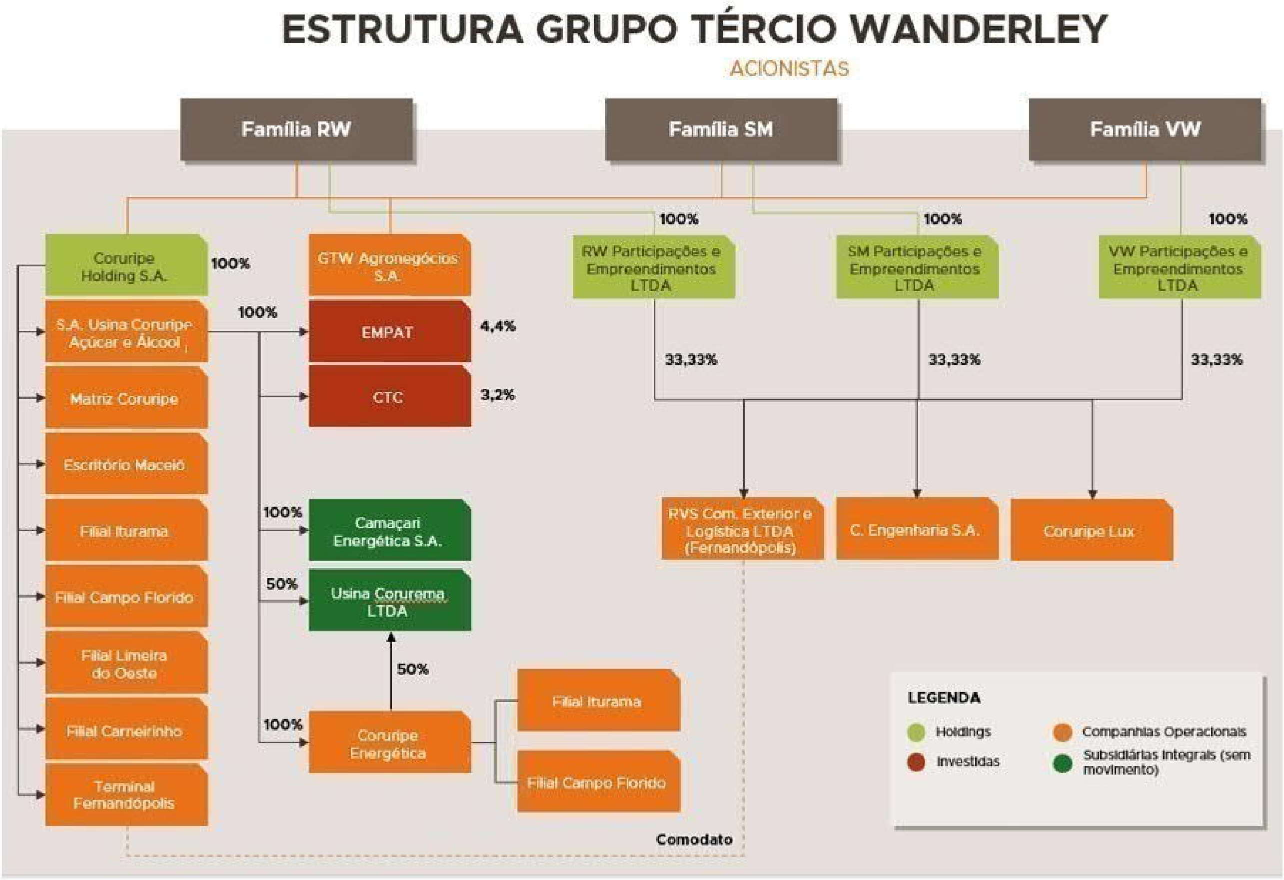
(b) Accounts receivables from crop sales

At March 31, 2020, the Company has a balance of R$ 10,071 (2019: R$ 75,700) referring to sales of some areas of roving plants in the Iturama complex, whose contracted receipt schedule was 50% in the 2020/2021 harvest and 50% in the 2021/2022 harvest. During the 2019/2020 harvest period, the company also canceled crop sale contracts in Coruripe AL due to differences and default risk on receivables from these sales.

9. Related parties

Company

The Company is fully (100%) controlled by Coruripe Holding S.A. The corporate structure of the Tércio Wanderley Group, to which the Company belongs, is shown as follows:



(In thousands of reais)

9. **Related parties** (Continued)

Key management personnel compensation

The total compensation paid to the administrators (which includes directors and officers) totaled R$ 13,442 and R$ 10,847 in the years ended March 31, 2020 and 2019, respectively.

As of March 31, 2020 and 2019, the Company has the following balances maintained and has carried out the following transactions with related parties:

	Relationship		Company		Consolidated	
			2020	**2019**	**2020**	**2019**
Assets						
Non-current						
Intercompany						
Coruripe Energética S.A.	Subsidiary	(a)	**3,724**	-	**-**	-
Coruripe Holding S.A.	Parent	(b)	**45,065**	42,747	**45,065**	42,747
			48,789	42,747	**45,065**	42,747
Liabilities						
Current						
Agricultural partnership						
GTW Agronegócios S.A.	Affiliate	(c)	**18,809**	-	**18,809**	-
Intercompany						
Coruripe Energética S.A.	Subsidiary	(b)	**21,761**	-	**-**	-
			40,570	-	**18,809**	-
Non-current						
Agricultural partnership						
GTW Agronegócios S.A.	Affiliate	(c)	**377,471**	-	**377,471**	-
Intercompany						
Coruripe Energética S.A.	Subsidiary	(a)	**10,285**	24,127	**-**	-
			387,756	24,127	**377,471**	-
			428,326	24,127	**396,280**	-
Statements of operations						
Revenue						
Coruripe Energética S.A.	Subsidiary	(b)	**5,724**	5,127	**-**	-
			5,724	5,127	**-**	-
Cost						
Coruripe Energética S.A.	Subsidiary	(b)	**(5,653)**	(5,127)	**-**	-
GTW Agronegócios S.A.	Affiliate	(c)	**(49,912)**	(45,462)	**(49,912)**	(45,462)
			(55,565)	(50,589)	**(49,912)**	(45,462)
Finance incomes						
C Engenharia S.A.	Affiliate	(a)	**-**	411	**-**	411
Coruripe Energética S.A.	Subsidiary	(a)	**-**	(459)	**-**	(459)
Coruripe Energética S.A.	Subsidiary	(a)	**1,892**	4,158	**1,892**	4,158
			1,892	4,110	**1,892**	4,110

Transactions with related parties were carried out in accordance with conditions agreed between the parties, as follows:

(In thousands of reais)

9. Related parties (Continued)

(a) The Company has financial loan agreements signed with related companies, which provide for interest of 7.7% p.a., with the IOF in credit operations being recognized;

(b) The Company has a purchase and sale agreement signed in which the Company sells sugar cane bagasse "in natura" and buys steam from Coruripe Energética S.A., in effect until March 31, 2023, which can be extended by mutual agreement between the parties. Prices were determined between the parties and are adjusted annually according to the accumulated IGP-M variation for the period;

(c) Refers to the 32 sugar cane partnership contracts signed with GTW Agronegócios S.A. and individuals from the Tércio Wanderley Group, on September 28, 2009, with a term of 50 years, which can be extended by mutual agreement between the parties. Prices are determined between the parties and adjusted annually according to the variation in the Total Recoverable Sugar (ATR) indices, disclosed by the Council of Sugar Cane, Sugar and Alcohol Producers - CONSECANA of the specific location of each leased property.

(d) The Company has a non-cost lease agreement for the lease of the Sugar Transhipment Terminal Fernandópolis / SP, owned by the three personal holding companies that control the Tércio Wanderley Group (V.W. Participações e Empreendimentos Ltda., R.W. Participações e Empreendimentos Ltda. And S.M. Participações e Empreendimentos Ltda.). The agreement, with a 20-year term (started in April 2009), allows the Company to operate, at its own expense and without leasing fees, the sugar-railroad terminal located in Fernadopólis/SP (truck entrance and train exit until the Port of Santos/SP);

(e) The Company has a free assignment agreement for some movable assets and areas of the Company's industrial plant, at the Iturama unit, which will remain in effect until December 2022 and at the Campo Florido unit, which will remain in effect until December 2037, which are used as installations by Coruripe Energética to run its renewable electric energy generation business.

10. Investments

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Non-current assets				
Investments				
Coruripe Energética S.A.	**40,203**	25,367	**-**	-
Centro de Tecnologia Canavieira S.A.	**19,920**	18,824	**19,920**	18,824
Empresa Alagoana de Terminais Ltda.	**797**	366	**797**	366
	60,920	44,557	**20,717**	19,190

Investment information:

	Coruripe Energética S.A.		CTC S.A.	
	2020	**2019**	**2020**	**2019**
Equity	**40,203**	25,367	**630,231**	595,655
Net income (loss) for the year	**30,478**	37,684	**38,273**	34,220
Number of shares held	**30,465**	30,465	**24,021**	24,021
% of participation	**100%**	100%	**3.16%**	3.16%
Investment value	**40,203**	25,367	**19,920**	18,823
Equity income	**30,478**	(226)	**1,210**	1,081

(In thousands of reais)

10. Investments and provision for investment losses (Continued)

Changes in investment are as follows:

	3/31/2020	3/31/2019
Opening balance	44,557	18,116
Investment acquisition	**-**	34,867
Proposed dividends	**(15,643)**	(9,421)
Equity pickup	**31,803**	995
Other	**203**	-
Closing balance	**60,920**	44,557

11. Biological assets (Company)

The biological assets correspond to the planting and cultivation of sugarcane crops, which will be used as raw material in the production of sugar and ethanol in the next harvest. These assets are measured at fair value less selling expenses.

The Company has sugarcane crops, grown in the states of Minas Gerais and Alagoas. The cultivation of sugar cane is considered a semi-perennial activity initiated by the planting of seedlings on own or third party lands. The first cut occurs after a period of 12 to 18 months after planting, when the cane is cut and the root (ratoon) remains in the soil. The properly treated ratoon grows again and its production is considered economically viable, on average, between six to seven cuts.

The fair value of sugarcane at the time of harvest is determined by the quantities harvested, valued in the CONSECANA system (Council of Sugar Cane, Sugar and Alcohol Producers of the State of São Paulo) accumulated in the respective month and determined by performance price of the Company's products for the Minas Gerais units, while at the Coruripe unit, the calculation is based on the CONSECANA-AL price performance. The fair value of the harvested sugar cane will become the cost of the raw material used in the sugar and ethanol production process.

The cultivated areas represent only the sugarcane crops, without considering the lands where these crops are located.

(In thousands of reais)

11. Biological assets (Company) (Continued)

The fair value of sugarcane crops was determined using the discounted cash flow methodology, considering basically:

(a) Cash inflows obtained by multiplying (i) estimated production, measured in kilograms of ATR (Total Recoverable Sugar), and (ii) future sugar cane market price, which is estimated based on public data and estimates of future sugar and ethanol prices; and

(b) Cash outflows represented by the estimate of (i) costs necessary for the biological transformation of sugarcane (crop treatment) to take place until harvest; (ii) costs with Harvest / Cut, Loading and Transport (CCT); (iii) cost of capital (land and machinery and equipment); (iv) lease and agricultural partnership costs and (v) taxes on positive cash flow.

The following assumptions were used to determine the fair value through the discounted cash flow:

	2020	2019
Estimated harvest area (in hectares)		
Northeast	**27,402**	26,996
Southeast	**44,231**	41,322
Expected productivity (in tons of sugarcane per hectare)		
Northeast	**75.45**	75.07
Southeast	**91.09**	90.58
Total amount of recoverable sugar - ATR (kg)		
Northeast - Partnership	**135.80**	135.89
Northeast - Lease	**114.09**	114.09
Southeast - Partnership	**136.15**	136.91
Southeast - Lease	**125.81**	125.81
Price of projected average ATR Kg (R$ / kg)		
Northeast	**0.7118**	0.6963
Southeast	**0.6833**	0.6550

Based on the estimate of revenues and costs, the Company determines the discounted cash flows to be generated and brings the corresponding amounts to present value, considering a discount rate, compatible for investment remuneration in the circumstances. Changes in fair value are recorded in the item biological assets and have the sub-account "Variation in the fair value of biological assets" in the item "Cost of products sold" in the income statement for the year.

(In thousands of reais)

11. Biological assets (Company)(Continued)

The movement of biological assets (sugarcane) is detailed below:

	2020	2019
Opening balance	236,289	235,485
Change in fair value	**(18,540)**	(19,269)
Increases due to crop handling	**184,685**	161,618
Increases due to plantation	**4,778**	522
Exhaustion due to harvest (Note 20)	**(246,040)**	(242,400)
Write-offs due to crop sales	**(2,212)**	(11,047)
Transfer to property, plant and equipment (Note 12)	**104,652**	111,380
Closing balance	**263,612**	236,289

12. Property, plant and equipment

Property, plant and equipment items are measured at historical acquisition or construction cost, deemed cost, less accumulated depreciation and accumulated impairment losses, when applicable.

The Company used the device provided for in CPC 37 and following the guidance of the Interpretation “ICPC 10 - Interpretation on the Initial Application to Fixed Assets and Property for Investment of Technical Pronouncements CPCs 27, 28, 37 and 43”, evaluated its buildings, machines and equipment to assign a deemed cost. The effects of attributed cost increased property, plant and equipment against equity, net of tax effects.

The residual value and useful life of the assets and the depreciation methods are reviewed at the close of each year and adjusted prospectively. Depreciation is calculated using the straight-line method, in which the accelerated depreciation method is used for production equipment, respecting the grinding period.

The Company performs the main maintenance activities scheduled at its industrial units on an annual basis This occurs during the off-season periods described in Note 1 in order to inspect and replace components of property, plant and equipment. Maintenance expenses that imply in prolonging the economic useful life of property, plant and equipment are capitalized, and items that wear out during the harvest are activated at the time of the respective replacement and depreciated during the next harvest period. Maintenance expenses with no impact on the economic useful life of the assets are recognized as an expense when realized. Replaced items are written-off.

(In thousands of reais)

12. Property, plant and equipment (Continued)

Impairment of non-financial assets

Property, plant and equipment is reviewed annually to identify evidence of non-recoverable losses, or, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Land used for planting

As mentioned in Note 10 (c), the Company signed 32 contracts with its related party GTW Agronegócios S.A. and individuals from the Tércio Wanderley Group, with a 50-year term. These contracts refer to the lease of approximately 32 thousand hectares (2019: 32 thousand hectares) located in the state of Alagoas and 17 thousand hectares (2019: 17 thousand hectares) located in the state of Minas Gerais. As of March 31, 2020, these contracts are recognized as leases, pursuant to CPC 06 (R2). See Note 14.

Composition of balances

		Company			
		2020			2019
	Average depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net	Net
Aircraft	10%	**2,026**	**(1,452)**	**574**	776
Buildings and improvements	4%	**312,610**	**(135,625)**	**176,985**	184,562
Furniture and fixtures	8%	**20,569**	**(14,226)**	**6,343**	5,136
Machines and equipment	5%	**1,290,372**	**(843,532)**	**446,840**	442,299
Facilities	4%	**245,773**	**(137,360)**	**108,413**	99,888
Agricultural Implements	7%	**76,250**	**(45,726)**	**30,524**	30,129
Vehicles	20%	**105,946**	**(86,562)**	**19,384**	11,763
Computer equipment	10%	**15,278**	**(11,195)**	**4,083**	3,399
Frequently replaced parts and components	100%	**1,345,862**	**(1,162,295)**	**183,567**	75,945
Fixed assets in progress and advance to supplier	-	**83,018**	**-**	**83,018**	27,088
		3,497,704	**(2,437,973)**	**1,059,731**	880,985
Land and properties	-	**19,780**	**-**	**19,780**	19,457
Sugarcane crop	14.3%	**1,297,611**	**(921,396)**	**376,215**	303,742
		4,815,095	**(3,359,369)**	**1,455,726**	1,204,184

(In thousands of reais)

12. Property, plant and equipment (Continued)

Composition of balances (Continued)

		Consolidated			
		2020			2019
	Average depreciation rates (% p.a.)	Cost	Accumulated depreciation	Net	Net
Aircraft	10%	**2,026**	**(1,452)**	**574**	776
Buildings and improvements	4%	**314,370**	**(136,500)**	**177,870**	185,496
Furniture and fixtures	8%	**20,591**	**(14,236)**	**6,355**	5,149
Machines and equipment	5%	**1,341,076**	**(888,229)**	**452,847**	448,748
Facilities	4%	**247,424**	**(138,675)**	**108,749**	100,250
Agricultural Implements	7%	**76,250**	**(45,726)**	**30,524**	30,129
Vehicles	20%	**105,946**	**(86,561)**	**19,385**	11,763
Computer equipment	10%	**15,278**	**(11,195)**	**4,083**	3,399
Frequently replaced parts and components	100%	**1,368,829**	**(1,181,355)**	**187,474**	79,324
Fixed assets in progress and advance to supplier	-	**83,018**	**-**	**83,018**	27,088
		3,574,808	**(2,503,929)**	**1,070,879**	892,122
Land and properties	-	**19,780**	**-**	**19,780**	19,457
Sugarcane crop	14.3%	**1,297,611**	**(921,396)**	**376,215**	303,742
		4,892,199	**(3,425,325)**	**1,466,874**	1,215,321

(In thousands of reais)

12. Property, plant and equipment (Continued)

Changes in balances

	Company						
	Balance in 2019	**Additions**	**Write-offs**	**Depreciation**	**Transfer**	**Reclassification (a)**	**Balance in 2020**
Aircraft	776	**-**	**-**	**(202)**	**-**	**-**	**574**
Buildings and improvements	184,562	**1,681**	**-**	**(10,423)**	**1,165**	**-**	**176,985**
Furniture and fixtures	5,136	**2,655**	**(5)**	**(1,443)**	**-**	**-**	**6,343**
Machines and equipment	442,299	**55,494**	**(7,221)**	**(49,927)**	**6,195**	**-**	**446,840**
Facilities	99,888	**8,117**	**-**	**(10,244)**	**10,652**	**-**	**108,413**
Agricultural Implements	30,129	**4,262**	**(274)**	**(3,593)**	**-**	**-**	**30,524**
Vehicles	11,763	**13,961**	**(7)**	**(6,332)**	**(1)**	**-**	**19,384**
Computer equipment	3,399	**899**	**-**	**(725)**	**510**	**-**	**4,083**
Frequently replaced parts and components	75,945	**255,445**	**-**	**(153,286)**	**5,463**	**-**	**183,567**
Fixed assets in progress and advance to supplier	27,088	**80,382**	**-**	**-**	**(23,984)**	**(468)**	**83,018**
	880,985	**422,896**	**(7,507)**	**(236,175)**	**-**	**(468)**	**1,059,731**
Land and properties	19,457	**336**	**(13)**	**-**	**-**	**-**	**19,780**
Sugarcane crop	303,742	**185,599**	**(8,474)**	**-**	**-**	**(104,652)**	**376,215**
	1,204,184	**608,831**	**(15,994)**	**(236,175)**	**-**	**(105,120)**	**1,455,726**

(a) Amounts related to the reclassification to the biological assets (R$ 104,652) and intangible (R$ 468) accounts.

(In thousands of reais)

12. Property, plant and equipment (Continued)

Changes in balances (Continued)

	Consolidated						
	Balance in 2019	**Additions**	**Write-offs**	**Depreciation**	**Transfer**	**Reclassification (a)**	**Balance in 2020**
Aircraft	776	**-**	**-**	**(202)**	**-**	**-**	**574**
Buildings and improvements	185,496	**1,681**	**-**	**(10,472)**	**1,165**	**-**	**177,870**
Furniture and fixtures	5,149	**2,655**	**(5)**	**(1,445)**	**1**	**-**	**6,355**
Machines and equipment	448,748	**55,571**	**(7,221)**	**(50,524)**	**6,273**	**-**	**452,847**
Facilities	100,250	**8,117**	**-**	**(10,270)**	**10,652**	**-**	**108,749**
Agricultural Implements	30,129	**4,262**	**(274)**	**(3,593)**	**-**	**-**	**30,524**
Vehicles	11,763	**13,961**	**(7)**	**(6,332)**	**-**	**-**	**19,385**
Computer equipment	3,399	**899**	**-**	**(725)**	**510**	**-**	**4,083**
Frequently replaced parts and components	79,324	**259,347**	**-**	**(156,580)**	**5,284**	**-**	**187,474**
Fixed assets in progress and advance to supplier	27,088	**80,382**	**-**	**-**	**(23,984)**	**(468)**	**83,018**
	892,122	**426,875**	**(7,507)**	**(240,143)**	**-**	**(468)**	**1,070,879**
Land and properties	19,457	**336**	**(13)**	**-**	**-**	**-**	**19,780**
Sugarcane crop	303,742	**185,599**	**(8,474)**	**-**	**-**	**(104,652)**	**376,215**
	1,215,321	**612,810**	**(15,994)**	**(240,143)**	**-**	**(105,120)**	**1,466,874**

(a) Amounts related to the reclassification to the biological assets (R$ 104,652) and intangible (R$ 468) accounts.

(In thousands of reais)

12. Property, plant and equipment (Continued)

Guarantees

Due to some loans and financing from the Company, property, plant and equipment in the amount of R$ 501,724 (2019: R$ 454,716) are recorded in guarantee of creditors.

Deemed cost

Refers to the adoption of a new deemed cost for certain classes of fixed assets, duly supported by an equity appraisal report prepared by a specialized company, under the terms of ICPC 10 - Interpretation on the Initial Application to PP&E and Investment Property. The accounting effects of the adoption of the cost attributed by the Company are shown below:

	Company		
	Net book value	Surplus	Deemed cost
Buildings and other properties	165,043	31,521	196,564
Industrial machinery, apparatus and equipment	420,423	475,409	895,832
	585,466	506,930	1,092,396

At March 31, 2020, the remaining balance of the capital gain included in property, plant and equipment, equity valuation adjustment recorded in shareholders' equity and deferred income tax and social contribution liabilities is R$ 133,756, R$ 88,279 and R$ 5,477 (2019: R$ 159,521, R$ 105,293 and R$ 54,228), respectively.

13. Intangible assets (Company and Consolidated)

Changes in balances

	Balance in 2019	Additions	Amortization	Reclassification	Balance in 2020
Softwares	593	**66**	**(256)**	**468**	**871**
	593	**66**	**(256)**	**468**	**871**

(In thousands of reais)

14. Right of use, leases payable and agricultural partnerships payable (Company and Consolidated)

As described in Note 2.6, the Company adopted CPC 06 (R2) at the beginning of its effectiveness on April 1, 2019.

The change in the right to use and lease and agricultural partnership to be paid during the current interim information was as follows:

	Vehicles/Machines and Equipment	Agricultural Partnership	Agricultural Lease	Assets of right-of-use
Adoption on April 1, 2019	**20,597**	**622,599**	**631,233**	**1,274,429**
Amortization	**(1,647)**	**(103,048)**	**(34,157)**	**(138,852)**
	18,950	**519,551**	**597,076**	**1,135,577**
Service life (years)	**2 to 5**	**2 to 24**	**5 to 40**	

	Balance of Lease Commitments	Adjustment to present value of lease	Leasing liabilities
Adoption on April 1, 2019	**2,766,297**	**(1,635,694)**	**1,130,603**
Payments made	**(207,611)**	**-**	**(207,611)**
Remeasurement by Consecana	**-**	**31,898**	**31,898**
Appropriation of financial charges	**-**	**101,135**	**101,135**
	2,558,686	**(1,502,661)**	**1,056,025**
Current			**(113,927)**
Non-current			**942,098**

The estimated balances of leases payable and agricultural partnership payable in the long term have the following maturity composition:

Year	3/31/2020
From 04/01/2021 to 03/31/2022	**157,395**
From 4/1/2022 to 3/31/2023	**160,457**
From 4/1/2023 to 3/31/2024	**158,923**
From 4/1/2024 to 3/31/2025	**151,365**
From 4/1/2025 to 3/31/2026	**130,460**
From 4/1/2026 to 3/31/2027	**183,498**
	942,098

S/A Usina Coruripe Açúcar e Álcool

Statements of financial position (Continued)
March 31, 2020
(In thousands of reais)

15. Loans and financing (Company and Consolidated)

Loans and financing are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost.

	2020	2019
In national currency		
Fixed interest from 2.5% to 13.0% p.a.	**164,360**	162,413
TJLP + 3,0% p.a. 50% of IGPM; 40% of IPCA; and 3,5% to 5,5% p.a + CDI	**1,647,696**	1,317,921
Total in national currency	**1,812,056**	1,480,334
Foreign currency (US $)		
Libor + 4,5% to 6,65% p.a.	**1,401,255**	1,030,053
Fixed interest from 6.0% to 9.98% p.a.	**213,085**	217,058
Total in national currency	**1,614,340**	1,247,111
	3,426,397	2,727,445
Current	**(1,253,339)**	(905,494)
Non-current	**2,173,058**	1,821,951

The movement of loans and financing for the years ended March 31, 2020 and 2019 is represented as follows:

	2020	2019
Opening balance	2,727,445	2,396,514
Fund raising	**1,465,032**	802,321
Interest and net exchange variations incurred	**643,384**	481,386
Principal payment	**(1,138,586)**	(687,271)
Interest payment	**(270,878)**	(265,505)
Closing balance	**3,426,397**	2,727,445

Long-term maturing amounts are broken down by year of contract maturity:

Year	2020	2019
Harvest 2020/2021	**-**	667,478
Harvest 2021/2022	**727,223**	625,840
Harvest 2022/2023	**612,754**	511,662
Harvest 2023/2024	**70,112**	11,662
Harvest 2024/2025	**103,441**	5,309
Harvest 2025/2026 onwards	**659,528**	-
	2,173,058	1,821,951

These loans are guaranteed by shareholder guarantee, fiduciary sale of financed assets, promissory notes and export receivables.

(In thousands of reais)

15. Loans and financing (Company and Consolidated) (Continued)

Covenants

The Company has contracts signed with the financial institutions Santander, Itaú Unibanco, Banco do Brasil, Citibank, Rabobank, HSBC, Credit Suisse, ABN, Amerra, Sucden, CRA01, CRA02, CRA03 and CR04 that require the maintenance of economic and financial ratios in certain levels. As of March 31, 2020, the main financial ratios that the Company needs to comply with are the following, all calculated as required by the contractual clauses to which they refer and determined based on the accounting balances in the consolidated financial statements excluding the effects of CPC 06 (R2) and according to waiver letters approved by banks and other creditors.

i. Ratio of shareholders' equity to total assets ≥ 20.0%;
ii. Ratio of net debt to adjusted EBITDA (excluding capex) ≤ 22.0;
iii. Ebitda ratio adjusted by net financial expense (excluding losses or gains from exchange rate variations and derivative transactions) ≥ 2.5;
iv. Ratio of net debt to adjusted EBITDA ≤ 3.0;
v. Limit of Advances per foreign exchange contract: USD 100,000 thousand.

For the year ended March 31, 2020, all contractual covenant ratios were complied with by the Company.

16. Taxes payable

	Company		Consolidated	
	3/31/2020	**3/31/2019**	**3/31/2020**	**3/31/2019**
Tax installments:				
Installment of ICMS AL	**5,746**	6,994	**5,746**	6,994
Installment of ICMS MG	**1,274**	1,682	**1,274**	1,682
Federal installments (PERT)	**2,619**	-	**2,619**	-
	9,639	8,676	**9,639**	8,676
Taxes payable:				
IRRF to be paid	**1,933**	1,642	**1,933**	1,642
IOF to be paid	**8,911**	6,325	**11,787**	8,683
INSS to be paid	**4,707**	4,393	**4,707**	4,393
PIS and Cofins to be paid	**2,491**	-	**2,491**	-
Deferred PIS and Cofins - IAA 4870	**100,471**	89,178	**100,471**	89,178
ICMS to be paid	**495**	2,841	**495**	2,841
Provision for IRPJ and CSLL	**-**	8,440	**138**	8,642
Other taxes and contributions	**261**	815	**429**	882
	119,269	113,634	**122,451**	116,261
	128,908	122,310	**132,091**	124,937
Current	**(21,682)**	(26,816)	**(24,865)**	(29,443)
Non-current	**107,226**	95,494	**107,226**	95,494

(In thousands of reais)

16. Taxes recoverable (Continued)

Long-term maturing amounts are broken down by year of contract maturity:

	Company	
Year	2020	2019
Harvest 2020/2021	**-**	1,831
Harvest 2021/2022	**2,462**	1,687
Harvest 2022/2023	**22,118**	1,399
Harvest 2023/2024	**22,118**	1,399
Harvest 2024/2025 onwards	**60,528**	89,178
	107,226	95,494

17. Provision for contingencies (Company and Consolidated)

Provisions are recognized when the Company has a present, legal or non-formalized obligation, as a result of past events and an outflow of funds is likely to be necessary to settle the obligation and a reliable estimate of the amount can be made. Provisions are set up, reviewed and adjusted to reflect the best estimate on the dates of the financial statements.

<u>Probable losses</u>

The Company, based on the opinion of its legal counsel, maintains the following provisions for probable losses:

	2020	2019
Labor contingencies	**3,343**	4,525
Civil contingencies	**4,235**	4,231
Tax contingencies	**203**	-
	7,781	8,756

The movement of provisions for contingencies is represented as follows:

	Tax	Civil	Labor	Total
Balances at March 31, 2018	-	4,118	1,339	5,457
Reversals/payments	-	113	3,186	3,299
Balances at March 31, 2019	-	4,231	4,525	8,756
Constitution	**1,303**	**1,290**	**546**	**3,139**
Reversals/payments	**(1,100)**	**(1,286)**	**(1,728)**	**(4,114)**
Balances at March 31, 2020	**203**	**4,235**	**3,343**	**7,781**

(In thousands of reais)

17. Provision for contingencies (Company and Consolidated)(Continued)

Possible losses

The positions of the lawsuits classified as probable of possible loss, according to the opinion of the legal advisors, and which were not subject to an accounting provision, refer to several civil and labor claims filed by individuals and legal entities, involving material damages and / or pain and suffering and labor claims assessed in the amount of R$ 234,546 (2019: R$ 224,814).

	2020	2019
Labor contingencies	**2,122**	3,271
Civil contingencies	**52,510**	71,213
Tax contingencies	**179,914**	149,874
Environmental contingencies	**-**	456
	234,546	224,814

Among the main civil and tax lawsuits classified as possible by management and supported by the opinion of its legal advisors, we can highlight:

Tax

Process 10410.720364/2017-98

Application of a qualifying isolated fine, provided for in item 10 of article 89 of Law No. 8,212 / 91, resulting from disallowances of INSS debts offset against PIS and Cofins credits between 2014 and 2016, in the approximate amount of R$ 110,544 (March 31, 2019: R$ 78,500). After assessment in March 2017, the Company reconstituted the credits used and the debts initially offset, including them in the Tax Recovery Program (PRT)

In addition to the lawsuit, the Federal Revenue Service of Brazil decided to apply a qualifying isolated fine of 150% on the debt, alleging the Company's bad faith in carrying out the compensations object of the case above. The proceeding is judged by the Superior Council for Tax Appeals (CARF), with a favorable decision to the Federal Revenue through a tie break vote. The Company filed a petition at the lower court, requesting the illegality and elimination of the fine. According to the Company's legal advisors, the chance of loss is considered possible.

17. Provision for contingencies (Company and Consolidated)(Continued)

Possible losses (Continued)

Civil

Process 0714498- 70.2016. 2/8/0001

Ordinary legal collection lawsuit arising from the sale of IPI credits to third parties, disallowed by the Federal Revenue of Brazil, in the amount of R$ 47,367 (March 31, 2019: R$ 64,709). The Company is required to reimburse credits by the plaintiff as a result of non-compliance with the contractual clause.

The Company and its legal advisors claim prescription and tacit approval of the credits, as well as the exception of an unfulfilled contract by the buyer. According to the Company's legal advisors, the chance of loss is considered possible.

18. Equity

a) Capital

The subscribed and paid-in capital on March 31, 2020 and 2019 is R$ 408,845, divided into 1,400 registered common shares, with no par value, all belonging to Coruripe Holding S.A..

b) Treasury shares

Own equity instruments that were repurchased and recognized at cost, less equity. No gain or loss was recognized in the income statement on the issue of the Company's own equity instruments.

c) Equity adjustment: deemed cost

As mentioned in Note 14, it corresponds to the added value of the attributed cost of Buildings and facilities and Machines and equipment. The amounts, which are recorded net of tax effects, are realized based on the depreciation, write-offs or disposals of the respective assets and the amounts determined for the realization are transferred to the item "Retained earnings (losses)".

(In thousands of reais)

18. **Equity** (Continued)

d) Allocation of income

On July 12, 2019, the shareholders decided, at the Annual Shareholders' Meeting that, due to the profile of the Company's debt, which occurred in June 2016, it will not distribute dividends to its shareholders. Accordingly, the shareholders decided to reverse the mandatory minimum dividends in the amount of R$ 55,387.

	2020	2019
Net income for the year	**92,350**	206,871
Legal reserve- 5%	**(4,617)**	(10,344)
	87,733	196,527
Realization of revaluation reserve	**2,986**	10,058
Realization of the assigned cost	**17,014**	14,963
Calculation basis for distribution	**107,733**	221,548
Minimum mandatory dividends- 25%	**26,933**	55,387

At March 31, 2020, the Company allocated R$ 80,800 to the unrealized profit reserve. Based on Article 202, § 4 of Law 6,404 / 76, the Company's management must propose in the General Meeting, the non-distribution of the mandatory minimum dividends and other profits recorded in the unrealized profit reserve, as this is incompatible with the Company's financial situation. Also in accordance with paragraph and 5th of said Law, profits that are no longer distributed will be recorded as a special reserve and, if not absorbed by losses in subsequent years, should be paid as dividends as soon as the Company's financial situation allows.

19. Net revenues

CPC 47 - Revenue from contracts with customers introduced a comprehensive framework for determining whether, when and for how much revenue is recognized. CPC 47 replaced the revenue recognition guidelines contained in CPC 30 - Revenue, CPC 17 - Construction contracts.

As disclosed in the annual financial statements of March 31, 2018, the Company has not identified any relevant impacts on the recognition of its revenues. The Company adopted CPC 47 using the cumulative effect method (without practical expedients), with the effect of the initial application of the standard on April 1, 2018. Consequently, the information as of March 31, 2018 has not been restated as a result of the adoption of this accounting standard, that is, it is presented, as previously reported under CPC 30 and related interpretations. In addition, the disclosure requirements of CPC 47, in general, have not been applied to comparative information.

(In thousands of reais)

19. Net revenues (Continued)

The Company sells sugar, ethanol, electricity, molasses, sugarcane bagasse, steam, among others. In order for revenue to be recognized, the Company follows the conceptual framework of the standard, with the following steps: identification of contracts with customers, identification of performance obligations provided for in the contracts, determination of the transaction price and allocation of the transaction price. Additionally, product sales are recognized whenever the transfer of control of the products to the customer occurs. The transfer of control does not happen until the following events occur: (i) the products have been shipped to the specified location; (ii) the risk of loss has been transferred to the customer; (iii) the customer has accepted the products in accordance with the sales contract; and (iv) the acceptance provisions have been agreed, or the Company has objective evidence that all criteria for acceptance have been met.

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Gross revenue				
Sugar VHP	**1,115,011**	924,037	**1,115,011**	924,037
Crystal Sugar	**159,117**	136,137	**159,117**	136,137
Anhydrous ethanol fuel	**518,940**	476,835	**518,940**	476,835
Anhydrous ethanol fuel	**520,617**	456,209	**520,617**	456,209
Energy sales – production	**42,817**	51,974	**81,921**	52,228
Steam Sale	**1,077**	898	**1,419**	898
Molasses	**36,848**	25,199	**36,848**	25,199
Income from services rendered	**6,183**	5,710	**6,183**	5,710
Energy revenue - resale	**2,805**	23,261	**5,239**	23,261
Other sales revenue	**9,868**	22,667	**9,868**	22,667
	2,413,283	2,122,927	**2,455,163**	2,123,181
Deductions on sales	**(126,037)**	(118,820)	**(129,051)**	(118,829)
Net revenues	**2,287,246**	2,004,107	**2,326,112**	2,004,352

Revenue is shown net of taxes (Tax on Industrialized Products (“IPI”), Tax on Circulation of Goods and Services (“ICMS”), Social Integration Program (“PIS”), Social Security Financing Contribution (“Cofins ”), National Institute of Social Security (“ INSS ”) and others), returns, rebates and discounts, as well as eliminations of sales between companies of the same group, in the case of consolidated financial statements.

Taxes on sales

The Company's sales revenues are subject to the following taxes and contributions, at the following basic rates:

Social Integration Program (PIS): R$ 23.38 per m3 for alcohol sales; sales of zero-rate sugar; and in other revenues 1.65%;

19. Net revenues (Continued)

Taxes on sales (Continued)

Contribution to Social Security Financing (Cofins): alcohol sales are R$ 107.52 per m3; sales of zero-rate sugar; and in other revenues at a rate of 7.60%;

IPI - in sales of zero-rate sugar and in sales of alcohol there is no taxation;

ICMS:

(i) Electricity: 12% to 18% for internal operations in the state of Minas Gerais. There is no levy of ICMS on interstate transactions and sales to electricity concessionaires, taxation is deferred;

(ii) Electricity: 18% for internal operations in the state of Alagoas. There is no levy of ICMS on interstate transactions and sales to electricity concessionaires, taxation is deferred: All the Company's energy sales contracts in the state of Alagoas are interstate.

(iii) Anhydrous ethanol: taxation is deferred in internal and interstate operations in the states of Minas Gerais and Alagoas.

(iv) Hydrous ethanol: 12% in interstate operations and 25% in internal operations in the state of Alagoas. For Minas Gerais, a rate of 7% to 12% in interstate operations; and 12% in internal operations; and

(v) Sugar: For the state of Alagoas: 7% to 18% in domestic operations and 12% in interstate operations. For the state of Minas Gerais, 7% to 12% for domestic operations and 7% to 12% for interstate operations.

INSS - calculated on the sale of rural production (gross revenue) of the agribusiness, destined for the domestic market, at the rate of 2.85%.

Tax credits on sales

ICMS:

(i) Presumed credit of ICMS:

a. 2.5% on sales in the State of MG, including exports;
b. 7% on sales of crystal sugar within the State of Alagoas;
c. 9% on sales of crystal sugar outside the State of Alagoas;
d. 6% on VHP sugar exports; and
e. 12% on sales of hydrated ethanol inside and outside the State of Alagoas.

(ii) Credit of reinstatement of 0.1% on the total value of exports (2018: 2%).

(In thousands of reais)

20. Cost of sales and operating expenses

Operating costs and expenses are broken down by nature of expense:

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Costs of products sold	**(1,573,792)**	(1,601,117)	**(1,577,349)**	(1,601,634)
Selling expenses	**(112,440)**	(96,775)	**(112,440)**	(96,775)
General and administrative expenses	**(127,036)**	(127,382)	**(127,160)**	(127,394)
	(1,813,268)	(1,825,274)	**(1,816,949)**	(1,825,803)

Costs of products sold				
Electricity resale cost	**(787)**	(23,261)	**(1,584)**	(23,261)
Personal	**(278,833)**	(294,885)	**(280,013)**	(294,933)
Raw material	**(400,525)**	(509,818)	**(394,444)**	(509,818)
Change in the fair value of biological assets	**(18,540)**	(19,269)	**(18,540)**	(19,269)
Third-party labor and freight	**(49,200)**	(52,112)	**(50,440)**	(52,161)
Fuel and lubricants	**(39,921)**	(41,170)	**(39,921)**	(41,170)
Agricultural inputs and chemicals	**(84,605)**	(80,157)	**(84,605)**	(80,157)
Maintenance material	**(57,151)**	(63,632)	**(57,151)**	(63,632)
Right-of-use depreciation	**(138,852)**	-	**(138,852)**	-
Depreciation and amortization	**(228,731)**	(242,812)	**(232,699)**	(243,091)
Absorption of costs: harvested cane exhaustion	**(89,226)**	(67,838)	**(89,226)**	(67,838)
Absorption of costs: harvested sugarcane crop treatments	**(156,813)**	(174,562)	**(156,814)**	(174,562)
Electricity	**(18,289)**	(18,502)	**(18,289)**	(18,502)
Other	**(12,319)**	(13,099)	**(14,771)**	(13,240)
	(1,573,792)	(1,601,117)	**(1,577,349)**	(1,601,634)

Selling expenses				
Personal	**(11,140)**	(8,785)	**(11,140)**	(8,785)
Third-party labor and freight	**(90,630)**	(79,444)	**(90,630)**	(79,444)
Rentals and leases	**-**	(338)	**-**	(338)
Fuel and lubricants	**(139)**	(92)	**(139)**	(92)
Maintenance material	**(1,008)**	(783)	**(1,008)**	(783)
Depreciation	**(3,593)**	(3,509)	**(3,593)**	(3,509)
Electricity	**(849)**	(707)	**(849)**	(707)
Commissions and brokerage	**-**	(1,861)	**-**	(1,861)
Other	**(5,081)**	(1,256)	**(5,081)**	(1,256)
	(112,440)	(96,775)	**(112,440)**	(96,775)

(In thousands of reais)

20. Cost of sales and operating expenses (Continued)

	Company		Consolidated	
	2020	2019	2020	2019
General and administrative expenses				
Personal	**(81,656)**	(80,652)	**(81,664)**	(80,652)
Third-party labor and freight	**(23,608)**	(18,178)	**(23,676)**	(18,179)
Rentals and leases	**-**	(2,177)	**-**	(2,177)
Fuel and lubricants	**(643)**	(422)	**(643)**	(422)
Maintenance material	**(2,717)**	(3,688)	**(2,748)**	(3,688)
Depreciation	**(4,107)**	(4,065)	**(4,107)**	(4,065)
Electricity	**(142)**	(132)	**(142)**	(132)
Other	**(14,163)**	(18,068)	**(14,180)**	(18,079)
	(127,036)	(127,382)	**(127,160)**	(127,394)

21. Finance income and costs

	Company		Consolidated	
	2020	2019	2020	2019
Finance income				
Gains on derivative transactions	**7,750**	18,672	**7,750**	18,672
Income from short-term investments	**10,479**	11,775	**11,746**	11,781
Exchange rate variations	**219,796**	311,692	**219,796**	311,692
Monetary variations on IAA 4870 credits (Note 8)	**242,838**	59,483	**242,838**	59,483
Monetary variations on IAA 4870 credits (Note 8)	**-**	736,378	**-**	736,378
Interest on intercompany contracts(Notes 9)	**1,892**	5,972	**1,892**	5,972
Other financial income	**2,131**	25,403	**2,131**	25,403
	484,886	1,169,375	**486,153**	1,169,381
Finance costs				
Losses on operations with operating derivatives	**(120,614)**	(49,234)	**(120,614)**	(49,234)
Passive exchange variations	**(659,275)**	(511,060)	**(659,275)**	(511,060)
Deferred PIS and Cofins on IAA 4870 credits	**(11,293)**	(75,692)	**(11,293)**	(75,692)
Monetary update on provision for attorney's fees - IAA 4870	**(30,962)**	(101,472)	**(30,962)**	(101,472)
Interest on loans and financing	**(274,677)**	(270,265)	**(274,677)**	(270,265)
Interest on intercompany contracts	**-**	(459)	**-**	(315)
Leasing interest - CPC 06 (R2) (Note 14)	**(101,135)**	-	**(101,135)**	-
Other financial expenses	**(49,515)**	(47,670)	**(53,381)**	(47,673)
	(1,247,471)	(1,055,852)	**(1,251,337)**	(1,055,711)
Finance income (cost)	**(762,585)**	113,523	**(765,184)**	113,670

(In thousands of reais)

22. Segment information (Consolidated)

Management defined the Company's operating segments, based on the reports used to make strategic decisions, reviewed by the main decision makers, namely: the executive board, the presidency and the board of directors. The analyzes are carried out by segmenting the business from the perspective of the products sold by the Company, comprising the following segments:

(i) Sugar
(ii) Ethanol
(iii) Electricity
(iv) Molasses

The performance analyzes of the operating segments are carried out based on the income statement by product:

	03/31/2020 (Consolidated)					
	Sugar	Ethanol	Electricity	Molasses	Non-segmented	Total
Net revenues	1,294,164	908,687	85,574	29,293	8,394	2,326,112
Costs of products sold	(967,426)	(595,031)	(36,516)	(16,910)	38,534	(1,577,349)
Gross profit	326,738	313,656	49,058	12,383	46,928	748,763
Operating income (expenses)						
Selling expenses	(101,543)	(10,185)	(338)	(247)	(127)	(112,440)
General and administrative expenses	(71,879)	(50,470)	(2,223)	(1,627)	(961)	(127,160)
Equity pickup	-	-	-	-	1,325	1,325
Other operatin income, net	-	-	-	-	13,585	13,585
	(173,422)	(60,655)	(2,561)	(1,874)	13,822	(224,690)
Operational income before financial income (cost)	153,316	253,001	46,497	10,509	60,750	524,073
Other non-segmented income and expenses	-	-	-	-	(765,184)	(765,184)
Income (loss) before income tax and social contribution	153,316	253,001	46,497	10,509	(704,434)	(241,111)
Income tax and social contribution	-	-	-	-	333,461	333,461
Net income (loss) for the year	153,316	253,001	46,497	10,509	(370,973)	92,350

(In thousands of reais)

22. Segment information (Consolidated)--

	3/31/2019 (Consolidated)					
	Sugar	**Ethanol**	**Electricity**	**Molasses**	**Non-segmented**	**Total**
Net revenues	1,078,180	813,643	66,353	19,782	26,395	2,004,352
Costs of products sold	(882,937)	(602,216)	(34,629)	(12,621)	(69,231)	(1,601,634)
Gross profit	195,243	211,426	31,724	7,161	(42,836)	402,718
Operating income (expenses)						
Selling expenses	(45,699)	(46,317)	(2,812)	(838)	(1,108)	(96,775)
General and administrative expenses	(68,530)	(51,715)	(4,217)	(1,257)	(1,674)	(127,394)
Equity pickup	-	-	-	-	1,221	1,221
Other operating income , net	-	-	-	-	57,754	57,754
	(114,228)	(98,033)	(7,030)	(2,096)	56,193	(165,194)
Operating income before financial income (cost)	81,014	113,394	24,694	5,065	13,357	237,524
Other non-segmented income and expenses	-	-	-	-	113,670	113,670
Income before income tax and social contribution	81,014	113,394	24,694	5,065	127,027	351,194
Income tax and social contribution	-	-	-	-	(144,323)	(144,323)
Net income (loss) for the year	81,014	113,394	24,694	5,065	(17,296)	206,871

(In thousands of reais)

23. Other operating income (expense), Net

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Miscellaneous income	**1,612**	3,566	**1,612**	3,566
Revenue from scrap sales	**8,732**	8,007	**8,732**	8,007
IPI tax credits (a)	**-**	2,881	**-**	2,881
Revenue from PIS and Cofins credit	**9,842**	44,359	**9,842**	44,359
Revenue from PIS and Cofins credit	**1,113**	-	**1,113**	-
Appropriation of PIS and Cofins credit on fixed assets	**15,315**	-	**15,315**	-
Revenue from the sale of permanent assets	**5,047**	2,249	**5,047**	2,249
Write-off of residual value on sale of permanent	**(7,519)**	(1,710)	**(7,519)**	(1,710)
Revenue from the sale of ratoon	**390**	24,579	**390**	24,579
Write-off of residual value on sale of ratoon	**(10,685)**	(22,472)	**(10,685)**	(22,472)
Other expenses, net	**(10,200)**	(3,681)	**(10,262)**	(3,705)
	13,647	57,778	**13,585**	57,754

(a) They refer to out of time IPI credits on raw materials, intermediate products and packaging materials, in the acquisitions made with Merchant Wholesalers, according to the RIPI (IPI Regulation) in its articles 14, 226 and 227.

24. Income tax and social contribution

Deferred income tax and social contribution are calculated on income tax loss carryforwards, the accumulated negative social contribution tax base and the corresponding temporary differences between the calculation bases for tax on assets and liabilities and the book values of accounting statements.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available to be used to offset temporary differences and / or tax losses and negative bases, based on projections of future results prepared and based on internal assumptions and in future economic scenarios that may therefore change.

(In thousands of reais)

24. Income tax and social contribution (Company and Consolidated) (Continued)

The composition of deferred income and social contribution taxes recognized in income is as follows:

	Company		Consolidated	
	2020	**2019**	**2020**	**2019**
Current				
Income tax	**26,007**	(6,615)	**24,650**	(6,663)
Social contribution	**8,769**	(2,442)	**8,080**	(2,459)
	34,776	(9,057)	**32,730**	(9,122)
Deferred:				
Income tax	**339,321**	(99,410)	**339,321**	(99,410)
Social contribution	**(38,590)**	(35,791)	**(38,590)**	(35,791)
	300,731	(135,201)	**300,731**	(135,201)
	335,507	(144,258)	**333,461**	(144,323)

Reconciliation of effective income tax and social contribution expenses

Income tax and social contribution on profit presented in the income statement show the following reconciliation at nominal rate:

	Company	
	2020	**2019**
Income before taxes and social contribution	**(243,157)**	351,129
Additions		
Losses on operations with operating derivatives (Note 21)	**120,613**	49,324
Leasing interest - CPC 06 (R2) (Note 21)	**101,135**	-
Right-of-use depreciation(Notes 20)	**138,851**	-
Passive exchange variation (Note 21)	**439,671**	5,268
Other additions	**171,532**	466,341
	971,802	520,933
Exclusions		
Tax incentive - ICMS	**(78,838)**	-
Rental expenses - CPC 06(R2)	**(218,279)**	-
Monetary variations on IAA 4870 credits (Note 21)	**(242,838)**	(795,860)
Other exclusions	**(139,393)**	(40,355)
	(679,348)	836,215
	49,277	35,847
Compensation with tax loss	**(10,109)**	(8,539)
	39,188	27,308
Income tax and additional	**(9,768)**	(6,803)
Tax incentive - IRPJ(75%)	**2,685**	139
Social contribution	**(3,525)**	(2,458)
	(10,608)	(9,122)
Effective rate	**22%**	25%
Outstanding credits - overpaid tax	**45,384**	-
Income tax and social contribution	**34,776**	(9,122)

(In thousands of reais)

24. Income tax and social contribution (Continued)

Deferred income tax and social contribution assets and liabilities

The composition of deferred income and social contribution taxes is as follows:

	Company	
	3/31/2020	**3/31/2019**
Assets:		
Temporary differences		
Provision for losses with customers and advances to suppliers	**7,228**	7,296
Provision for contingencies	**1,917**	2,977
Tax loss and negative social contribution base	**116,137**	160,240
Net losses from derivative financial instruments	**16,518**	1,287
Provision for attorney's fees - IAA 4870 (Note 8)	**57,672**	118,054
Fair value of biological assets	**4,569**	6,552
	204,041	296,406
Liabilities:		
Revaluation of property, plant and equipment	**-**	(1,538)
Net losses from derivative financial instruments	**(1,876)**	-
Adoption of assigned cost	**(32,960)**	(54,228)
Property, plant and equipment’s life	**(9,562)**	(12,609)
Present value of IAA credits (Note 8)	**(452,332)**	(821,451)
	(496,730)	(889,826)
Deferred Income tax and social contribution liabilities, net	**(292,689)**	(593,420)

Deferred tax assets and liabilities are shown net in the balance sheet when there is a legal right and the intention to offset them when calculating current taxes, and when related to the same tax authority.

The expectation of recovery of all deferred tax credits, indicated by projections of taxable income, approved by management, including the expectation of realization of temporary differences, is as follows:

	Company	
Year	**3/31/2020**	**3/31/2019**
Harvest 2019/2020	**-**	55,304
Harvest 2020/2021	**46,481**	62,576
Harvest 2021/2022	**67,703**	69,028
Harvest 2022/2023	**71,749**	65,699
Harvest 2023/2024 onwards	**18,108**	43,799
	204,041	296,406

Deferred income tax and social contribution liabilities are realized, substantially, due to the depreciation and write-off of the fixed assets that originated them (accelerated depreciation and attributed cost). The realization of this liability is estimated at an average rate of 9% per year, due to the depreciation rates of the respective fixed assets.

24. Income tax and social contribution (Continued)

Deferred income tax and social contribution assets and liabilities (Continued)

In addition, a substantial portion of the deferred income tax and social contribution liabilities refers to the assessment of the fair value of the IAA indemnity credits (Note 8), which must be realized from the beginning of the receipt of this indemnity, whose estimate by the advisors Company's legal requirements is that it will occur from the 2022/2023 harvest.

As required by technical pronouncement CPC 32 Income taxes, deferred tax assets and liabilities should be measured at the rates that are expected to be applicable in the period when the asset is realized or the liability is settled, based on the rates (and tax legislation) that are in force at the end of the reporting period. As mentioned in Note 2.4, on November 28, 2019, the Company obtained the constitutive report granting a tax benefit of a 75% reduction on income and additional taxes. Accordingly, the Company remeasured its deferred tax assets and liabilities considering the new effective rate expected for realization and settlement of the respective deferred tax assets and liabilities.

25. Commitments and obligations (Company)

The Company establishes various commitments in the normal course of its activities. The following are those that deserve special mention in these financial statements:

Sales

The Company has future commitments to sell sugar on the foreign market that will be produced and delivered in the next harvests. The Company has future commitments to sell sugar on the foreign market that will be produced and delivered in the next harvests. As of March 31, 2020, the Company has coverage (fixed prices) for USD 248,939 thousand (2019: USD 97,279 thousand) related to future sales.

(In thousands of reais)

25. Commitments and obligations (Company) (Continued)

Sales (Continued)

The following quantities are presented in tonnes.

2020

Agreed quantities	Quantities contracted from 01/04/19	Quantities shipped until 03/31/2020	Quantities to be shipped	Maturity
1,987,905	**2,351,216**	**(877,981)**	**3,461,140**	**Until the 2024/2025 harvest**

2019

Agreed quantities	Quantities contracted from 01/04/18	Quantities shipped until 03/31/2019	Quantities to be shipped	Maturity
1,778,500	1,021,000	(811,595)	1,987,905	**Até a safra de 2021/2022**

Purchases

The Company has several commitments to purchase sugarcane from third parties in order to guarantee part of its production in the following harvests. The quantity of sugar cane to be purchased was calculated based on the estimate of the quantity to be ground by area. The amount to be paid by the Company will be determined at the end of each harvest according to the value of the sales made by the Company and, proportionally, to the grinded volume of sugarcane and ATR of each purchase.

The purchase commitments per harvest, in tons, on March 31, 2020 and 2019, are as follows:

Harvest	2020	2019
Harvest 2019/2020	**-**	8,750,000
Harvest 2020/2021	**9,670,000**	8,750,000
Harvest 2021/2022	**9,670,000**	8,750,000
Harvest 2022/2023	**9,670,000**	8,750,000
Harvest 2023/2024 onwards	**48,350,000**	35,000,000
	77,360,000	70,000,000

25. Commitments and obligations (Company) (Continued)

Purchases (Continued)

As of March 31, 2020 and 2019, the normal sugarcane grinding capacity for the next harvest, considering all the Company's units, is 14,400 thousand tons (unaudited).

Electric power supply agreement

The Company has a contract signed with Eletrobrás, under the Incentive Program for Alternative Sources of Electric Energy (PROINFA), for the supply of electric energy generated by its Biomass Thermoelectric Plant installed in the municipality of Coruripe (AL), for a term of 20 years and effective from January 2, 2006, in the global amount of R$ 159,954 with correctable tariff prices. In addition, it also has contracts for the supply of electricity to units located in Minas Gerais, signed with EDP Comercialização e Serviços de Energia Ltda., with the supply of two contracts as follows: contract 01 with supply term from April 1 from 2018 until December 31, 2018, starting again on April 1, 2019 until December 31, 2019, in the global amount of R$ 30,984 (value of the two-year contract with correctable tariff prices); contract 02 with term of supply from April 1, 2018 until November 30, 2018, starting again on April 1, 2019 until November 30, 2019, in the global amount of R$ 63,520 (value of the two-year contract with tariff prices corrective); and a contract signed with Focus Energia LTDA, with energy supply from May 1, 2019 to November 30, 2019, global amount of R$ 20,527 (with corrective list prices).

Guarantees given to sugar cane suppliers

The Company endorses several loans from its sugarcane suppliers to financial institutions. The amount of such commitments as of March 31, 2020 amounts to R$ 194,871 (2019: R$ 236,079), and all the sureties given have as a counterpart to the Company the issuance of Rural Product Notes (sugar cane) equivalent to the producers, pledge of the cane and, in some cases, the supplier's own land, which guarantees, any non-fulfillment of the guaranteed producers' obligations.

26. Risk management and derivative financial instruments

The Company is exposed to market risks, which include exchange rate risks, commodity price volatility and interest rates, credit risk and liquidity risk. The Company's management understands that risk management is essential for: (i) continuous monitoring of exposure levels based on contracted sales volumes; (ii) estimates of the value of each risk based on the limits of exchange exposure and the sale prices of sugar established; and (iii) forecasting future cash flows and establishing approval limits for contracting financial instruments for product pricing and protection against exchange rate variations and price volatility.

Derivative financial instruments are contracted exclusively for the purpose of pricing and protecting the Company's sugar export operations as well as to protect financial liabilities against risks of sugar price fluctuation in the international market and exchange rate variations. There are no transactions with financial instruments for speculative purposes.

Market risks

a) *Currency risk*

Management has established a policy that requires the Company's companies to manage their foreign exchange risk to reduce the potential impact of this currency mismatch on their cash flow.

To manage your foreign exchange risk, forward contracts for currencies, swaps and NDFs are used. The Company's financial risk management policy is to protect as much of the expected cash flows as possible, mainly related to export sales and debts over a period of up to 24 months or in two harvests.

(In thousands of reais)

26. Risk management and derivative financial instruments (Company and Consolidated) (Continued)

Market risks (Continued)

a) Currency risk (Continued)

Assets and liabilities exposed to exchange variation

The table below summarizes assets and liabilities denominated in foreign currency (mainly United States dollars - US $), recorded in the consolidated balance sheet at March 31, 2020:

	Company			
	2020		2019	
	R$	US$	R$	US$
Assets				
Cash and cash equivalents (Note 3)	**222,305**	**42,762**	153,793	39,471
Accounts receivable (Note 5)	**19,677**	**3,785**	26,164	6,715
Derivative financial instruments (Note 26)	**7,614**	**1,465**	-	-
	249,596	**48,012**	179,957	46,186
Liabilities				
Loans and financing (Note 15)	**(1,614,340)**	**(310,528)**	(1,247,111)	(320,067)
Derivative financial instruments (Note 26)	**(67,033)**	**(12,894)**	(3,785)	(971)
	(1,681,373)	**(323,422)**	(1,250,896)	(321,038)
Net exposure	**(1,431,777)**	**(275,410)**	(1,070,939)	(274,853)

These assets and liabilities were restated and recorded in the financial statements of March 31, 2020 at the exchange rate in effect on that date, being R$ 5.1987 per US$ 1.00 for assets and liabilities (2019: R$ 3.8964 for US$ 1.00), representing a devaluation of 3.32% in relation to the previous year.

b) *Volatility risk related to the price of the commodities*

The Company is exposed to the risk of changes in the price of commodities due to products manufactured such as sugar and ethanol. As of March 31, 2020, 815,559 (2019: 304,903) tons of sugar were priced with commercial partners scheduled for delivery from April 2019, with an average price of R$ 13.85 ¢/lb (2019: R$ 14.47 ¢/lb) (US cents per pound weight) with POL premium included.

26. Risk management and derivative financial instruments (Company and Consolidated) (Continued)

Market risks (Continued)

c) *Cash flow risk or fair value associated with interest rate*

The Company follows the practice of obtaining loans and financing primarily indexed to floating rates. With regard to loans and financing in national currency, there is a natural mitigation of the risk of fluctuating interest rates, since financial investments are all indexed to floating rates. With respect to foreign currency loans and financing, the Company adopts the practice of partially protecting debts of this nature through derivative financial instruments.

d) Sensitivity analysis required

The accounting practices adopted in Brazil provide that companies must disclose, in a specific explanatory note, qualitative and quantitative information about all their financial instruments, whether recognized or not as assets or liabilities in their balance sheet.

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, payable, escrow deposits, loans and financing, and are recorded at amortized cost and at fair value through profit or loss, whose values as of March 31 2020 and 2019 approach market values. Additionally, the Company operates with derivative financial instruments which are recorded at fair value through profit or loss. The main risks linked to the Company's operations are linked to the variation in the Selic rate, the CDI (Interbank Deposit Certificate) and the US dollar.

With respect to loans, they refer to operations whose registered value is close to the market value of these financial instruments. Investments with CDI are recorded at market value, according to quotations published by the respective financial institutions and the remainder refer, for the most part, to bank deposit certificates and repo operations, therefore, the registered value of these securities does not differ from the amount market share.

(In thousands of reais)

26. Risk management and derivative financial instruments (Company and Consolidated) (Continued)

Market risks (Continued)

d) *Sensitivity analysis required* (Continued)

In order to verify the sensitivity of the indexes to which the Company was exposed on the base date of March 31, 2020, different scenarios were defined, using the latest interest rates and inflation indicators accumulated in the last twelve months (Scenario I) , and from this, variations of 25% (Scenario II) and 50% (Scenario III) were calculated, sensitizing the rise and fall of these indexes. For each scenario, the net position (financial income minus financial expenses) was calculated, without taking into account the tax effect. The base date used for the portfolio was March 31, 2020, projecting a year and checking the sensitivity of the TJLP, Libor, Selic, CDI, in addition to the North American exchange rate, with each scenario.

As of March 31, 2020, the scenario considers a weighted average annual fixed interest rate on the Company's loans and financing of 9.59%, and for financial investments and loans and financing linked to the CDI, a CDI of 6.33% accumulated over the past 12 months. In both cases, simulations were performed with an increase and decrease of 25% and 50%. The results of this sensitivity are shown below:

Interest rate sensitivity

Instrument/operation	Probable Scenario	Risk	Probable scenario	25%	50%	- 25%	- 50%
Loans and financing	4.40%	High rate of CDI (IDC)	**(957)**	**(239)**	**(478)**	**239**	**478**
Loans and financing	1.21%	High rate of Libor	**(4,553)**	**(1,138)**	**(2,276)**	**1,138**	**2,276**
Financing investments	4.40%	Low rate of CDI	**4,066**	**1,017**	**2,033**	**(1,017)**	**(2,033)**
Projected result			**(1,444)**	**(360)**	**(721)**	**360**	**721**

(In thousands of reais)

26. Risk management and derivative financial instruments (Company and Consolidated) (Continued)

Market risks (Continued)

d) Sensitivity analysis required (Continued)

The probable scenario considers the position on March 31, 2020. The effects of the possible and remote scenarios that would be charged to income as exchange variation income (expense) are as follows:

Exchange rate effect

Instrument/operation	Current Exchange rate	Risk	Probable scenario	25%	50%	- 25%	- 50%
Loans and financing	4.0304	High of US dollars	**(1,614,340)**	**(403,585)**	**(807,170)**	**403,585**	**807,170**
Cash and cash equivalents	4.0304	Low of US dollars	**222,305**	**55,576**	**111,153**	**(55,576)**	**(111,153)**
Accounts receivable	4.0304	Dollar low	**19,677**	**4,920**	**9,839**	**(4,920)**	**(9,839)**
Projected result			**(1,372,358)**	**(343,089)**	**(686,178)**	**343,089**	**686,178**

Sensitivity about the variation in the fair value of derivative financial instruments

Instrument/operation	Risk	Probable scenario	25%	50%	- 25%	- 50%
Price risk						
Commodity derivatives						
Futures contracts						
Purchase and sale commitments *	High of sugar price	**363,749**	**454,686**	**545,623**	**272,812**	**181,874**
Interest rate risk						
Futures contracts:						
Purchase and sale commitments	High of US dollars	**(59,418)**	**(74,273)**	**(89,128)**	**44,564**	**29,709**
Projected result		**304,331**	**380,413**	**456,495**	**317,376**	**211,583**

*Amount equivalent to the balance to be fixed for existing contracts based on the NY sugar exchange and dollar of 03/31/2020.
* Variation only on the contracted and not fixed balance

(In thousands of reais)

26. Risk management and derivative financial instruments (Company and Consolidated) (Continued)

Market risks (Continued)

e) *Derivative financial instruments*

	2020	2019
Current assets		
Derivatives not designated as hedges		
Foreign currency forward contracts	**7,614**	-
	7,614	-
Current liabilities		
Derivatives not designated as hedges		
Foreign currency forward contracts	**67,033**	3,785
	67,033	3,785

The Company uses derivative transactions to manage cash flow risks arising from export earnings denominated in US dollars and also from export financing, net of other cash flows also denominated in foreign currency. The table below shows the consolidated open positions at March 31, 2020 and 2019 of the derivatives used to hedge exchange rate risk:

March 31, 2020	Expiration ranges	Fair value	Result (*)
Exchange rate risk			
Liabilities - Forward contracts:			
Sales commitments and swap contracts	From 12/22/2019 to 5/15/2021	**(59,419)**	**(59,419)**
			(59,419)

Counterpart value in the result referring to the contracts that were open on March 31, 2020.

March 31, 2019	Expiration ranges	Fair value	Result (*)
Exchange rate risk			
Liabilities - Forward contracts:			
Sales commitments and swap contracts	From 6/22/2018 to 5/15/2019	(3,785)	(3,785)
			(3,785)

(*) Counterpart value in the result referring to the contracts that were open on March 31, 2019.

26. Risk management and derivative financial instruments (Continued)

Credit risk

A substantial part of the Company's sales are made to a select group of highly qualified counterparts, such as trading companies, large fuel distributors, electricity distributors and large supermarket chains.

Credit risk is managed by specific rules for customer acceptance, credit analysis and establishment of exposure limits per customer, including, when applicable, letter of credit requirement from top-tier banks and capturing collateral on loans granted . Management considers that the credit risk is substantially covered by the estimated loss on doubtful accounts.

The individual risk limits are determined based on internal or external classifications, according to the limits determined by the Company's management. The use of credit limits is monitored regularly. No credit limit was exceeded during the period, and management does not expect any loss due to the default of these counterparties in an amount higher than the provision already made.

The Company operates with commodities derivatives in the over-the-counter market with selected counterparties. The Company operates commodity exchange rate derivatives and over-the-counter contracts registered with B3, mainly with the main national and international banks considered by the international risk classifiers as Investment Grade.

The Company's derivative operations over the counter do not require a guarantee margin.

Credit risk on cash and cash equivalents is mitigated through the conservative distribution of the instruments used, always backed by the CDB (Note 4). The distribution follows strict criteria for allocation and exposure to counterparties, which are the main national and international banks considered, in their majority, as Investment Grade by the international rating classifiers.

Liquidity risk

The Finance Department monitors the forecasts of the Company's liquidity requirements on an ongoing basis to ensure that there is sufficient cash to meet operating needs.

(In thousands of reais)

26. Risk management and derivative financial instruments (Continued)

Liquidity risk (Continued)

The excess cash held by operating entities, in addition to the balance required for the management of working capital, is invested in current accounts with interest, time deposits, short-term deposits and marketable securities, choosing instruments with appropriate maturities or liquidity sufficient to provide margin as determined by the forecasts mentioned above. On March 31, 2020 and 2019, the Company maintained financial investments represented mainly by repurchase agreements backed by government bonds and fixed income funds, indexed by the variation of the Interbank Deposit Certificate (CDI), with characteristics of high liquidity and circulation in the market, which is expected to promptly generate cash inflows to manage liquidity risk.

The following table analyzes the Company's financial liabilities, by maturity, corresponding to the period remaining on the balance sheet until the contractual maturity date.

March 31, 2020	Harvest 2020/ 2021	Harvest 2021/ 2022	Harvest 2022/ 2023	Harvest 2023/ 2024	From 2024/2025 harvest	Total
Loans and financing	**1,253,339**	**727,223**	**612,754**	**70,112**	**762,969**	**3,426,397**
Derivative financial instruments	**67,033**	**-**	**-**		**-**	**67,033**
Tax installments	**2,884**	**2,462**	**2,024**	**2,024**	**245**	**9,639**
Accounts payable	**147,532**	**-**	**-**	**-**	**-**	**147,532**
	1,470,788	**729,685**	**614,778**	**72,136**	**763,214**	**3,650,601**

March 31, 2019	Harvest 2019/ 2020	Harvest 2020/ 2021	Harvest 2021/ 2022	From 2022/2023 harvest	Total
Loans and financing	905,494	667,478	625,840	528,633	2,727,445
Derivative financial instruments	3,785	-	-	-	3,785
Tax installments	2,360	1,831	1,687	2,798	8,676
Accounts payable	99,515	-	-	-	99,515
	1,011,154	669,309	627,527	531,431	2,839,421

Capital management

The Company's objectives when managing its capital are to safeguard the ability to continue its operations, to offer returns to shareholders and guarantees to other interested parties, in addition to maintaining an ideal capital structure to reduce this cost.

(In thousands of reais)

26. Risk management and derivative financial instruments (Continued)

Capital management (Continued)

The Company monitors capital based on the financial leverage index, which corresponds to the net debt expressed as a percentage of total capital. Net debt, in turn, corresponds to total loans, financing (including short and long-term balances, as shown in the balance sheet), subtracted by the amount of cash and cash equivalents. The total capital is calculated by adding the shareholders' equity to the net debt, as shown in the balance sheet.

There were no changes in objectives, policies or processes during the years ended March 31, 2020 and 2019. The financial leverage ratios as of March 31, 2020 and 2019 are as follows:

		2020	2019
Loans and financing (Note 15)		**3,426,397**	2,727,445
Less: Cash and cash equivalents (Note 3)		**(602,460)**	(315,107)
Less: temporary investments (Note 4)		**(3,491)**	(1,580)
Net debt	(a)	**2,820,446**	2,410,758
Total equity	(b)	**1,454,543**	1,333,739
Total	(c) = (a) + (b)	**4,274,989**	3,744,497
Financial leverage ratio -%	(a) / (c)	**66**	64

Fair value

The fair value of financial assets and liabilities is included in the amount by which the instrument could be exchanged in a current transaction between parties willing to trade, not in a sale or forced liquidation. The following methods and assumptions were used to estimate the fair value.

Cash and cash equivalents, trade accounts receivable and loans and financing approximate their respective book value largely due to the short-term maturity of these instruments.

As for other loans and financing, the respective market values are substantially close to the amounts recorded in the financial statements due to the fact that these financial instruments are subject to variable interest rates.

26. Risk management and derivative financial instruments (Continued)

Fair value (Continued)

The fair value of financial assets available for sale is obtained through market prices quoted in active markets, if any.

The Company contracts derivative financial instruments from several counterparties, mainly financial institutions with investment grade credit ratings. Derivatives evaluated using valuation techniques with observable market data refer mainly to forward foreign exchange contracts and swaps. The most frequently applied valuation techniques include pricing models for forward contracts and swaps, with calculations at present value. The models incorporate various data, including the credit quality of the counterparties, the spot and forward exchange rates and interest rate curves.

As of March 31, 2020 and 2019, there were no significant differences between the book values and the market values of the financial instruments, except for the derivative financial instruments mentioned above.

Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments using the valuation technique:

- Level 1: prices quoted (without adjustments) in active markets for identical assets or liabilities;
- Level 2: other techniques for which all data that have a significant effect on the recorded fair value are observable, directly or indirectly;
- Level 3: techniques that use data that have a significant effect on the recorded fair value that are not based on observable market data.

(In thousands of reais)

26. Risk management and derivative financial instruments (Continued)

Fair value hierarchy (Continued)

	Company and consolidated			
	2020	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities				
Temporary investments	**380,077**	**380,077**	**-**	**-**
Derivative financial instruments, net	**67,033**	**-**	**67,033**	**-**
Loans and financing - foreign currency	**1,614,340**	**1,614,340**	**-**	**-**

	Company and consolidated			
	2019	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities				
Temporary investments	131,987	131,987	-	-
Derivative financial instruments, net	3,785	-	3,785	-
Loans and financing - foreign currency	1,247,111	1,247,111	-	-

27. Pension plan and other employee benefits

a) Pension plan

In October 2005, the Company hired Brasilprev Seguros e Previdência SA to manage the retirement plan hereinafter called “Renda Total Empresarial PGBL and VGBL Coruripe”, whose main purpose is to provide its participating members and their beneficiaries with an income payment of retirement and pension supplementation, in accordance with the provisions of the contract.

The current contributions (of the Company and the participants) are intended to cover the benefits to be paid to the participants, accumulated since their admission to the plan. In the case of employees (employees and officers), these were divided into the following groups:

- Employees of functional and administrative levels who receive a salary above R$ 6,101.00 - their contribution is at least 2% of their nominal salary;
- Employees of functional leadership levels, that is, managers and coordinators who receive a salary above R$ 6,101.00 - their contribution is from 0% to 5% of their nominal salary. The company's participation is fixed and equivalent to 100% of the participant's contribution;

27. Pension plan and other employee benefits (Continued)

a) Pension plan

- Employees and managers who receive a salary equal to or less than R$ 6,101.00 - their contribution is free, but without any compensation from the company.

As of March 31, 2020 and 2019, contributions paid or provisioned by the Company and participants amounted to R$ 100 (2019: R$100) and R$1,570 (2019: R$1,570), respectively.

b) Profit sharing program

In accordance with the Collective Labor Agreement USIPAR 2019/2020 (Profit Sharing Plan "USIPAR 2019/2020") signed between S / A Usina Coruripe Açúcar e Álcool and the respective unions representing the working class of the units located in the state of Minas General, the Company will grant profit sharing from zero to four basic salaries for each worker. The amounts referring to USIPAR 2019/2020 will only be due to employees, in the event that, at the end of the current harvest and at the end of the term of the budget for the 2019/2020 harvest, the Company, through the performance of its employees, reaches the goals stipulated in the referred Collective Agreement.

This agreement is effective from April 1, 2019 and ends on March 31, 2020.

On March 31, 2020 and 2019, the Company recorded expenses in the total amount of R$ 25,996 and R$ 18,679, respectively, as profit sharing.

28. Insurance coverage

The Company and its subsidiary had insurance contracted for material damage (machine breakdown, electrical damage, fire, lightning, explosions of any nature and implosions) for the entire sugar and ethanol stock and for the buildings, equipment, installations and agricultural machinery of the plants installed in the Northeast and Southeast, in addition to risks related to civil liability, with total coverage of R$ 797,400 (2019: R$ 624,000). This coverage is considered sufficient by management, in the opinion of its insurance expert advisors, to cover possible losses.

The Company is not anticipating any difficulties in renewing any of the insurance policies and believes that the coverage is reasonable in terms of value and compatible with industry standards in Brazil.

29. Subsequent events

(a) Renegotiation of the Company's Bank Debt

In May 2020, the Company was successful with the approval by 08 syndicated banks of a new maturity schedule of approximately R$ 1,700,000 (unaudited) of bank debts. The “Renegotiation” negotiations were led by banks Itaú BBA and Rabobank as coordinators representing the banks and the Company's executives. The group of unionized banks participating in the renegotiation is formed by the banks, Rabobank, Itaú / Unibanco, Bradesco, Citibank, ABN Amro, Banco do Brasil, Votorantim and Metlife.

The renegotiation was strategic and contributed significantly to the adequacy of the Company's capital structure, generating solid cash flows to cope with operating activities and reinforcing the good record recognized by the market of honoring commitments assumed with suppliers, tradings, investment funds, business partners, shareholders, financial institutions and creditors in general. During the negotiations, Banco Santander, the union's participating institution until then, opted out, transferring approximately R$ 34,000 (unaudited) of the receivables for investment in the Company's CRA (Agribusiness Receivables Certificate), following all prerogatives and conditions of the CRA issued 2019. This agreement was also successfully signed by the Company and the creditor bank, as the conditions proved to be interesting for both.

In order to support the extension of the payment flow to 5 years, the Company reinforced the real guarantee of fiduciary alienation of land from its related party GTW Agronegócios SA, which add up to approximately R$ 400,000 (unaudited), in addition to the previous guarantees . In return, the Company obtained a default bonus of approximately 1.0% (unaudited) in the average interest rate on the extended debt, both in reais and in the portion in US dollars, which represents a very consistent interest savings. The principal's amortization schedule was distributed as follows (unaudited):

	2020	2021	2022	2023	2024	2025
March	-	3.34%	5.00%	5.00%	5.00%	5.00% + Balloon (30%)
September	3.33%	5.00%	5.00%	5.00%	5.00%	-
December	3.33%	5.00%	5.00%	5.00%	5.00%	-

The payment flow of the principal of debt for the year 2020 was reduced to 30% with these financial institutions when compared to the previous flow before the negotiation. The remaining 70% were redistributed over 5 years according to the percentage distribution per year shown in the previous table.

The negotiation corrected the course in the company's amortization flow (in thousands of reais), adapting its capital structure to the linear distribution over 05 years and significantly reducing the pressure on cash with concentration in the short term.

29. Subsequent events (Continued)

(B) Tax contingency (Note 17)

Process 10410.720364/2017-98

On June 18, 2020, the judgment issued by the first group of the Federal Regional Court of the 5th Region upheld the Company's appeal to fully cancel the amount of the isolated fine that is the subject of the present lawsuit, which had been classified as a possible loss.

* * *