

MANAGEMENT DISCUSSION & ANALYSIS REPORT**1. Economic Overview and Indian Pharmaceutical market:**

The global economy posted a strong growth in recent years. According to the International Monetary Fund (IMF), the upward trend has been the biggest growth upsurge witnessed ever since 2010. Improved investments and manufacturing output contributed to the growth of developed economies. Similarly, key emerging markets and developing economies, including China and India, posted strong momentum.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund. The improvement in India's economic fundamentals has accelerated since 2014 with the combined impact of strong government reforms, Reserve Bank of India's inflation focus supported by benign global commodity prices. Better infrastructure and ease of doing business are promoting private resources and attracting foreign investments. The union budget laid out pathways to boost the country's growth along with fiscal prudence.

With 70% of market share (in terms of revenue), generic drugs form the largest segment of the Indian pharmaceutical segment. India supplies 20% of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and is expected to expand even further in coming years. Department of pharmaceuticals target to export 18 billion worth of pharmaceuticals in coming year. The country accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US. The Government of India plans to set up a US\$ 640 million venture capital fund to boost drug discovery and strengthen pharmaceutical infrastructure. The 'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.

2. Industry Structure and Development:

With more than 500 formulations to choose, a strong formulation development base and coveted WHO-cGMP certificate to its credit, Bharat Parenterals Limited has already made an export presence across the globe. The large scale modern production facility at Haripura, Savli is WHO-cGMP certified and abides by its stringent norms. Its processes are ISO 9001:2000 certified as well over years, Bharat Parenterals Limited has sharpened its production expertise, built modern production lines and consolidated manufacturing processes, which conform to international standards.

3. Opportunities and Threats:

The Indian pharmaceutical environment is evolving rapidly with government involvement which may impact the development of the Indian Pharmaceutical Market. Factors like government mandated price controls, patent scenario, weakening of rupee, stringent quality standards, etc. are some of the major issues that need consideration in the current scenario. However, pharmaceuticals companies which have succeeded in achieving manufacturing excellence over the year and developed cost effective synthesis route have scope for partnering with other companies for contract manufacturing and research services. With the state of the art and regulatory compliant manufacturing facilities Bharat Parenterals Limited is geared up to encase the business opportunities available in this space.

4. Outlook:

The Company is focusing on its core business of manufacturing and marketing of formulations. Research and development has been put on fast track for cost competitiveness and to comply with the regulatory market. Cost rationalization and management control at all levels are practiced to ensure operational efficiency in the sphere of manufacturing and marketing. Armed with strong resources base and a vision to be a leading manufacturer of formulations, the company is poised to unleash its true potentials to meet the challenges and exploit growth opportunities ahead.

5. Internal Control System and their adequacy:

The Company has in place adequate internal control mechanism to ensure proper and stringent compliance of all policies, procedures and statutes, applicable to the company, nationally as well internationally. The company undergoes periodical review and a report thereon is provided to the management for taking further actions.

6. Human Resource:

Your company knows and believes that the success in establishment of Bharat Parenterals Limited as an international player with core strengths of R&D and Quality has been achieved due to the hard work and commitment of the human resource. A happy organization is made by happy human resource and thus, the company ensures continuous development, work-life balance and high morale of its employees at all times. Recognizing that people are important part of the organization, a major exercise in development and training of employees is undertaken at all levels of the company.

7. Financial Status:

A detailed financial overview is given in the Board's Report of the Company.

By order of the Board of Directors

Place: Vadodara

Date: 14/8/2019

Bharat R. Desai

Managing Director