

Balaxi Pharmaceuticals Limited

Transcript of Extraordinary General Meeting held on Tuesday, September 27, 2022 at 10:30 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)

➤ Presence:

Sno.	Name of the Directors/ Attendees	Designation
1.	Mr. Ashish Maheshwari	Managing Director
2.	Mrs. Minoshi Maheshwari	Non – Executive Director
3.	Mr. Kunal Bhakta	Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee
4.	Mr. Mangina Srinivas Rao	Independent Director
<u>By Invitation:</u>		
5.	Mr. Amol Mantri	Chief Financial Officer
6.	Mr. Pranav Maheshwari	Senior Vice President – Business Development
7.	Mr. Sunny Purohit	Executive Assistant to Managing Director
8.	Mr. Yogindunath S	Scrutinizer and Designated Partner of BVR & Associates Company Secretaries LLP, Secretarial Auditors.
9.	Mr. A.S. Rao	Partner of M/s P. Murali & Co., Chartered Accountants, Statutory Auditors

Mr. Amol Mantri, Chief Financial Officer:

Good Morning Ladies and Gentlemen.

This is Amol Mantri, Chief Financial Officer of the Company and it gives me immense pleasure to welcome you all to the Extraordinary General Meeting (EGM) of Balaxi Pharmaceuticals Limited which is being conducted via Video Conferencing (VC)/ Other Audio Visual Means (OAVM) in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI). The registered office of the Company situated at Hyderabad shall be deemed as the venue for this EGM to transact the businesses as mentioned in the notice. Since the requisite quorum is present, with the permission of Chairman, I call the meeting to order.

I would like to introduce the Directors and other dignitaries who have joined this EGM from their respective locations:

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Registered Office:

Plot No. 409, H. No. 8-2-293, Maps Towers, 3rd Floor, Phase III, Road No. 81, Jubilee Hills, Hyderabad (T.G.) - 500 096

CIN: L25191TG1942PLC121598

Phone: +91 40 23555300 | Email: info@balaxi.in | Website: www.balaxipharma.in

Balaxi Pharmaceuticals Limited

- 1) Mr. Ashish Maheshwari, Managing Director
- 2) Mrs. Minoshi Maheshwari, Director
- 3) Mr. Kunal Bhakta, Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee
- 4) Mr. Mangina Srinivas Rao, Independent Director

I would also like to confirm that partner of M/s P. Murali & Co., Chartered Accountants, Statutory Auditors and Designated Partner of M/s BVR & Associates Company Secretaries LLP, Secretarial Auditors and Scrutinizer for the meeting and e-voting processes are also attending the meeting.

All members who have joined this meeting are by default, placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting. The access to join this meeting was available 30 minutes before the start of the Meeting and will be kept open throughout the meeting.

I would like to inform you that, in accordance with the provisions of the Companies Act, 2013, MCA & SEBI Circulars, Company has taken all of the necessary steps and made every effort under the current circumstances to enable members to participate in this EGM via VC/OAVM.

I would also like to take this opportunity to inform the members that the certificate from M/s BVR & Associates Company Secretaries LLP certifying that the preferential issue is being made in accordance with the requirements of Chapter V of SEBI ICDR Regulations is available for inspection electronically. Members, who are interested in inspecting the same, may also send an email to secretarial@balaxi.in.

As this EGM is being held through VC / OAVM, the facility for appointment of proxies by the members is not applicable.

I would like to inform you that the Company has, in accordance with the provisions of the Companies Act, 2013 and the Rules made there under, and the SEBI Listing Regulations, provided remote e-voting facility to its Members to cast their votes electronically on the resolutions proposed to be passed at this EGM.

The remote e-voting commenced on 22nd September, 2022 at 9.00 a.m. and ended on 26th September, 2022 at 5.00 p.m.

Members, who are present at this Meeting today and have not voted earlier through remote e-voting, may cast their vote by voting during the meeting. The members can vote on the screen with the resolutions set out in the Notice of EGM.

Please note that Members who have voted earlier by remote e-voting are not eligible for voting at the EGM. If such Member casts vote, voting done through remote e-voting shall prevail and votes cast at this Meeting shall be treated as invalid.

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The Board of Directors has appointed BVR & Associates Company Secretaries LLP as the Scrutinizer to scrutinize the remote e-voting and voting done at this Meeting in a fair and transparent manner.

I now request the Chairman to address the members.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Good Morning Shareholders, This EGM has been called to make a preferential issue amounting to Rs. 49.61 Crores to the proposed allottees, list of which has already been circulated in the Notice of EGM. Basically, this Equity is being raised by the Company as the Company is now investing for the first time in a manufacturing facility, the Company is setting up a EU GMP compliant pharma manufacturing unit for General Oral Solid Dosages and Liquid Injections.

Basically, this plant will be targeting our already existing demand for high quality products in the Latin American Markets. It is also a fully backward integration of the supply chain of the Company because currently the Company is procuring all its products through other WHO GMP Plants, Company has already procured the land in Pharma SEZ, Jadcherla near Hyderabad and we are now going to successfully transit forward, grow from being a stock and sell model to also having our own manufacturing facility. This manufacturing facility being a backward integration facility will have a favorable ROI on Capital Expenditure as there will be no gestation period. So, this plant is being proposed to break ground later this month and the production is slated to start in March 2024. This EU GMP Plant will also open up many new markets for the Company going forward. Capital Outlay is estimated to be around Rs. 85 Crores excluding the land. Out of which Rs. 49.6 Crores will come from this Preferential Issue of Equity and the balance will be coming from internal accruals of the Company in the next 1-1.5 years. This is the only agenda in this EGM. We can now move forward.

Mr. Amol Mantri, Chief Financial Officer:

Thank you, Sir.

Now moving on to the proceedings of the meeting, the Notice convening this meeting have already been circulated to the members. With your permission, I shall take them as read. All the resolutions mentioned in the notice of EGM are now being presented before the meeting.

All resolutions proposed in this EGM shall be decided through e-Voting only. There will be no proposing or seconding of the resolutions or voting by show of hands or ballots.

For the information of the members, I will read out the items as proposed in the notice of the EGM:

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Special Business:

- 1) To consider and approve the issuance of warrants convertible into Equity Shares of the Company on a preferential basis.
- 2) To consider and approve the issuance of Equity Shares of the Company on a preferential basis.

The Results of voting i.e., remote e-voting and Voting during the EGM, along with the Scrutinizer Report will be placed on the Company's website and on the website of CDSL within two working days after the result is declared by the Chairman and the same will also be communicated to the Stock Exchanges.

The members who have not voted on the resolutions yet, either through remote e-voting or during the meeting, may vote now. The voting window will be open for 15 minutes after the conclusion of the meeting.

The meeting is now open for discussion and queries, if any. I would now introduce the speakers who has registered for today's EGM. They can express their views or ask questions.

Moderator: Mr. Piyush Khandelwal, please unmute yourself.

Mr. Piyush Khandelwal, Speaker:

First of all, Thankyou for giving me this opportunity to be a speaker at this EGM. I have a question on the Capital Expenditure part, as per the notice of EGM the stated objectives from fund raised from this allotment is to facilitate the capex for the plant construction in Hyderabad. It will be helpful if you can provide the information on targeted construction time, capacity utilisation and its EBITA impact on various levels and also how this plant construction would contribute in overall growth strategy of the Company.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

The Capex is slated to be at Rs. 90 Crores including the cost of the land and the Company has already procured the land, the land is registered in the Company's name, the balance capex of Rs. 85 Crore will be for building and packing and other machineries. The plant is slated to commence production in March 2024. This is basically a backward integration project for the Company. The capacity will be one billion tablets per annum, 500 million capsules per annum and 27 million liquid injectables per annum. As per today's Company's sale we would be able to utilize fully one full shift for the backward integration purposes of manufacturing of what we are getting outsourced today. Going forward, we will be able to utilize the other two shifts in the expansion in the Company's markets and we will also be able to enter other advanced economies as we are going to make a EU GMP Compliant Plant. At the EBITDA Level, we estimate that there will be a contribution of around 7-8% on the EBITDA Level, post setting up of the manufacturing facility

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as there will be saving in terms of what we are paying as margins to contract manufacturers today. That is the entire idea behind this capex.

Moderator:

Speakers K. Bharat Raj, Praful Chavda and Kamal Kishore have not joined, you can continue Sir.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

With no further queries / questions, we will move on to vote of thanks.

I would like to take this opportunity to extend my gratitude to the attendees for participating in this meeting via video conference. I would also like to extend my gratitude to the members as well as the rest of the team for their contributions to the accomplishment of this EGM. I would like to thank each of my fellow board members.

I now declare the meeting as concluded. With your consent, I and other members of the Board and senior management team would like to leave the meeting and request all the members to stay safe and healthy.

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