

Balaxi Ventures Limited

Dated: September 11, 2020

To,
Listing Department,
National Stock Exchange of India Limited.
Exchange Plaza, Plot No C/1, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

Stock Code: BALAXI

Sub: Chairman's Statement, delivered at the 77th Annual General Meeting of the Company

The Chairman's Statement, delivered at the 77th Annual General Meeting of the Company held today, i.e., on September 11, 2020, is enclosed.

Kindly disseminate the same on your website.

Yours Faithfully,
For, **Balaxi Ventures Limited,**



Nidhin Jose
Company Secretary



Registered Office:

Plot No.409, H.No. 8-2-293, Maps Towers, 3rd Floor, Phase-III,
Road No. 81, Jubilee Hills, Hyderabad, Telangana, India - 500096.
CIN: L25191TG1942PLC121598
Phone: +91 40 23555300 | Email: info@balaxiventures.in
Website: www.balaxiventures.in

Balaxi Ventures Limited

Chairman's Message

Good Morning Everyone,

It gives me immense pleasure to welcome all shareholders to the 2019-20 Annual General Meeting of the company.

Balaxi Ventures Limited is a company with a unique global business model which encompasses production, export, import, warehousing, distribution and wholesale of a large range of Pharmaceutical Formulations under its own brands in frontier markets, overcoming challenges of Market Entry, Market Penetration, On-Ground Infrastructure, Commercial Relationships & Human Resources.

The Company has demonstrated that attractive returns can be made by investing in proprietary & methodical Market Research, Intellectual Property, meticulous planning and flawless execution of Logistics. The Company prefers to outsource its production to cost effective contract manufacturing facilities available in India, China and Europe. This allows us to use our capital prudently and efficiently to optimise the speed-to-market for new products into existing and new territories. Given the variety of products we produce, this approach allows Balaxi to channel its resources and energy on other value chain stages to augment returns.

The Company has already established its on-ground infrastructure in high growth markets of Angola (through an Associate Company), Guatemala and the Dominican Republic. Based on our widening product portfolio and retail reach within each of these target markets, we expect to produce steady and consistent growth within these territories.

Up until now, the Company has been managing its specialised global-sourcing function for the group through its Wholly Owned Subsidiary, Balaxi Global DMCC, Dubai. The Company has now initiated the incorporation of a Wholly Owned Subsidiary in China, to also facilitate and manage its growing sourcing from reputed manufacturers within China. With strong knowledge of sourcing from China already embedded within the management team, the Company plans to more efficiently ship directly into various destination markets from China.

The Company has further leveraged its well-established ecosystem in Angola by entering into other complimentary businesses that bolt on its sourcing and logistics expertise to create further value in the company. As we establish strong portfolios of valid registrations and strong channel networks in each market we target, we are also

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building a branded FMCG business which complements our medicines business and provides us operating leverage on the back of our well-established on-ground infrastructure and channel relationships. The incremental free cash-flows, generated from these add-on businesses in Angola, are utilized to fuel the expansion of our core pharmaceutical business in other new geographies.

Today, we define ourselves as a branded IPR-based pharmaceutical player focusing on emerging markets, with a vast and growing portfolio of prescription and OTC drugs, across multiple therapeutic segments. Our vision is to become a top tier branded pharmaceutical player in multiple global emerging markets, giving us scale, market homogeneity, healthy margins and quality growth where value and volume are both established in a balanced way. To correctly reflect the company's entire focus on pharmaceuticals, it is recommended that the name of the company should be changed to **Balaxi Pharmaceuticals Limited**.

Balaxi's Vision and Philosophy

" Land & Expand"

Our purpose is to bring high-quality every-day medicines withing the reach of populations in promising and emerging frontier markets, thus creating sustainable value for our stakeholders. The Company follows the 3x3 philosophy. This means that we focus on expanding in markets with a sub 25 million, non-English speaking and affluent population, where we can be among the top three generic players within three years of launch.

In this endeavour, I am glad to announce that the Company has finalized the acquisition of 100% of equity of a pharmaceutical distribution company in **El Salvador**, subject to regulatory approvals from the authorities in El Salvador. This deal is expected to be consummated by December, '20. This distribution company presently has 20 product registrations in El Salvador and has over 100 product registration in the pipeline. By March 2021, we expect to take our registrations to exceed 100. This number is important as we have seen from our experience that a minimum of 100 product registrations are required for establishing a meaningful presence in this market. We plan to complete the setting up of our entire infrastructure in El Salvador by March, '21 and to start business operations by April, '21. We expect the effects of this acquisition to be reflected in the company's books from Q2 FY '22.

I am also glad to announce that the Company has finalized the acquisition of 100% of equity of a pharmaceutical distribution company in **Honduras** subject to regulatory

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approvals from the authorities in Honduras. We expect to consummate this deal by December, '20. Presently, this distribution company has 24 product registrations in Honduras, with over 100 product registrations in the pipeline. By March, '21, we expect to exceed 110 product registrations for this market. Here in Honduras also, we plan to establish our entire infrastructure by March, '21 and start business operations by April, '21. We expect the effects of this acquisition to be reflected in the company's books from Q2 FY '22.

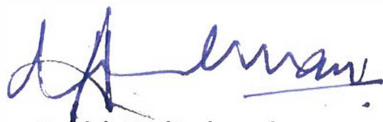
I am glad to announce the Company has initiated the setting up of a new pharmaceutical distribution arm in **Central African Republic** in Africa. We will be setting up our own infrastructure in terms of a warehouse, wholesale depots and delivery vehicles. The management has prior experience in working within this geography and fully understands the market and its registration process. Over the next nine months, we expect to register over 175 products in this market. The process of incorporating the Wholly Owned Subsidiary should be completed by 30th, November and business operations should commence by April, '21. We expect the effects of this new Wholly Owned Subsidiary to be reflected in the company's books from Q2 FY '22.

Your Company has a strong and robust Regulatory Team. It presently has **548 product registrations** in various markets, and it is in the process of filing more **580 product registrations** within the next six months. As we receive more and more registrations, the Company's business should expand consistently. We feel that we will be present in the already mentioned new markets with a complete range of products by June, '21.

To further broad base the Board of Directors, to adhere to the highest standards of corporate governance and to guide the company in its exciting journey, we intend to shortly induct two eminent and experienced personalities to serve as Additional Independent Directors on the Board.

It is heartening to note that the number of shareholders of the Company have more than doubled in the last 12 months. I welcome all new shareholders to the Balaxi family. I invite you all to enjoy the momentous journey of growth with Balaxi.

On this note I wish each and every one of you sound health and prosperity.



Ashish Maheshwari
Chairman



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