

Balaxi

Pharmaceuticals Limited



Branded IPR-driven Pharma Player in Frontier Markets

Investor Presentation

Disclaimer

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Balaxi Pharmaceuticals Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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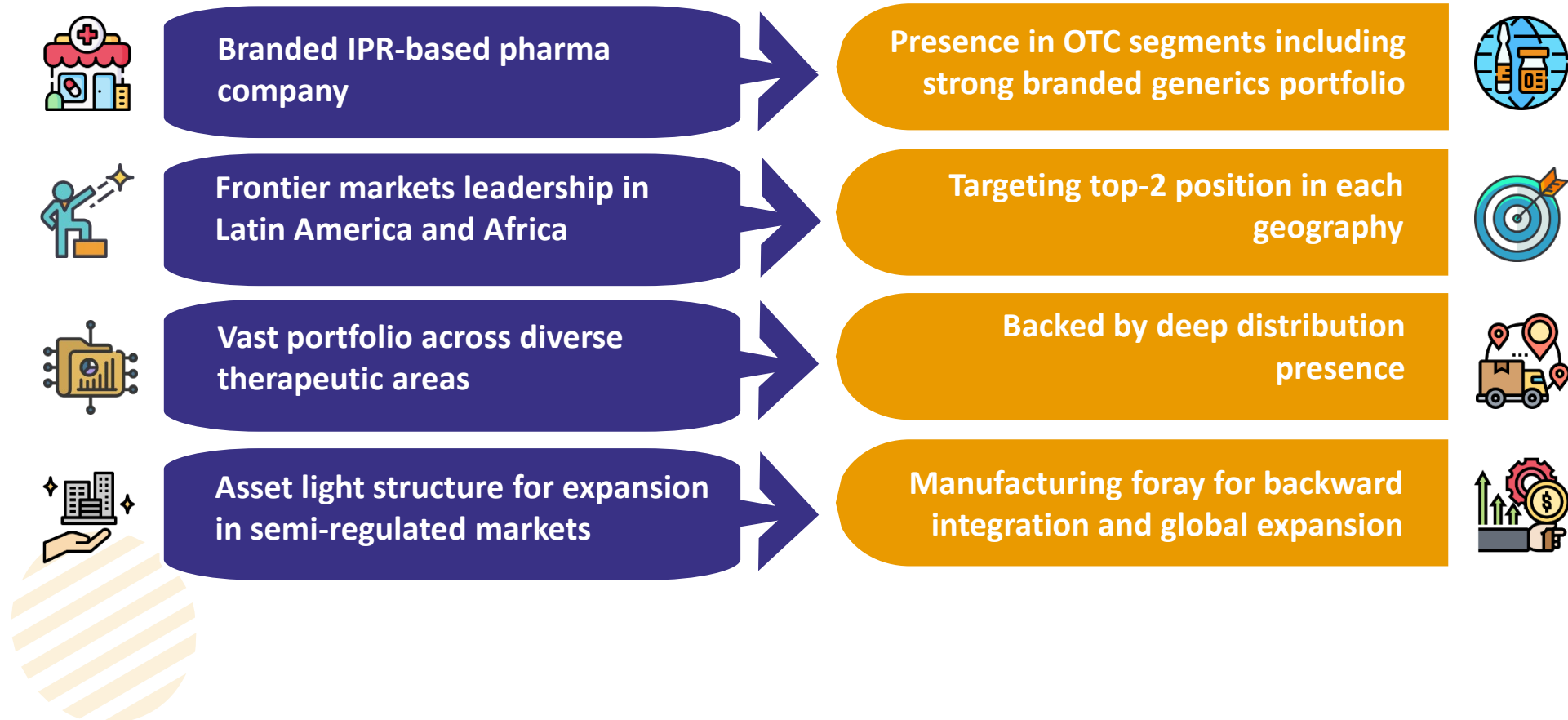
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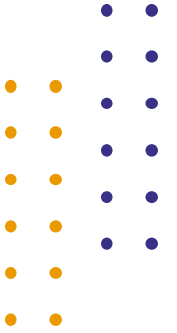
Bridging the Supply Gap in Frontier Markets



Successful Produce, Stock, Sell Business Model

Markets	Established operations: Guatemala (Latin America), Dominican Republic (Caribbean) and Angola (Africa) New operations: Honduras, El Salvador and Central African Republic	Expansion initiated: Nicaragua, Ecuador, Chile (Latin America)
Products	Vast range of essential OTC medicines – with healthy mix of generics and branded generics	889 product registrations in six countries 700+ registrations submitted or in the pipeline
Supply Chain	Outsourced production from WHO GMP certified plants in India, China and Portugal	Establishing the Company's first pharmaceutical formulation facility in Hyderabad
Distribution	Deep presence through 38 warehouses and on-ground fleet support	Successful process being replicated in other frontier markets; expansion plans in other global markets over near to medium term
Transformation	New initiatives strengthening functionality in supply chain, regulatory affairs and customer service	Centralized digital procurement, regulatory management and customized CRM tools

Key Success Factors



Market Selection Methodology

- Focus on countries with high-potential economic growth framework
- Identify non-English speaking countries with similar characteristics
- Low competitive intensity and potential to establish top-2 position
- On-ground feedback mechanism allows deep understanding of demand dynamics
- As population crosses prosperity thresholds, healthcare spends expand exponentially

Human Capital Management

- Established unique ecosystem of 100+ Indian expatriates in operating geographies
- Financial security ecosystem for key personnel, creating a highly motivated leadership team
- Local language training and support from local staff improves on-ground effectiveness
- Home grown management systems have already proven successful in several countries
- Homogeneous target markets allow cross-movement of people and resources

Regulatory Affairs Systems

- Appreciation and full compliance of local regulatory framework
- Comprehensive, in-house capabilities backed by cross-functional coordination with business/tech teams
- Digitization of regulatory operations with end-to-end management and data security
- Typical 12-24 month regulatory process is monitored at every stage – supports corporate planning and creates strong local IP

Transition from “Asset Light” to “Asset Right”



As a part of its corporate evolution, Balaxi is moving its business model from ‘Asset Light’ to ‘Asset Right’. The company is setting up its first pharmaceutical manufacturing facility for which it has acquired land in a Pharma SEZ located at Jadcherla, Hyderabad.

Investment in Manufacturing Facilities

Setting up its first pharmaceutical formulation manufacturing unit

General Oral Solid Dosage (OSD) formulations

Targeting demand for high quality products in Latin American markets

Allows full backward integration of supply chain

Production from Pharma SEZ unit near Hyderabad by the end of FY25

Historically, Balaxi has successfully executed on its “produce, stock and sell” model. The company has built a large and diversified portfolio of products and a leading position by bridging the supply gap in several countries, first in low-regulation markets in Africa and more recently in semi-regulated markets in Latin America. This outreach has been backed by outsourced, WHO GMP compliant, diversified supply chains developed by the company. As a part of its corporate evolution, Balaxi is now setting up its first pharmaceutical formulation manufacturing unit to cater to the demand for high quality products in existing as well as targeted markets.

Favorable ROI on Capital Expenditure

Immediate demand for new production from established markets

Higher efficacy, greater acceptance, enhanced profit margins

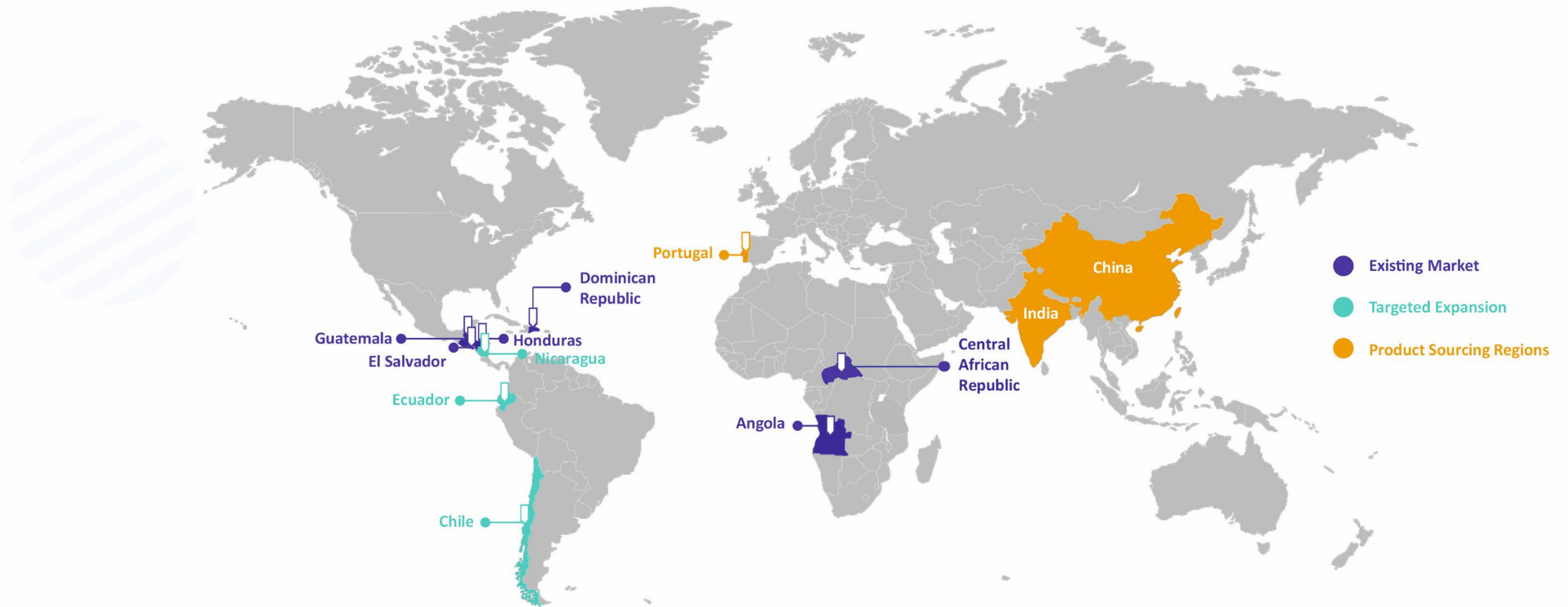
Strong control over manufacturing ecosystem

Improved regulatory processes, reduced time-to-market for new launches

Opens up several new market opportunities globally

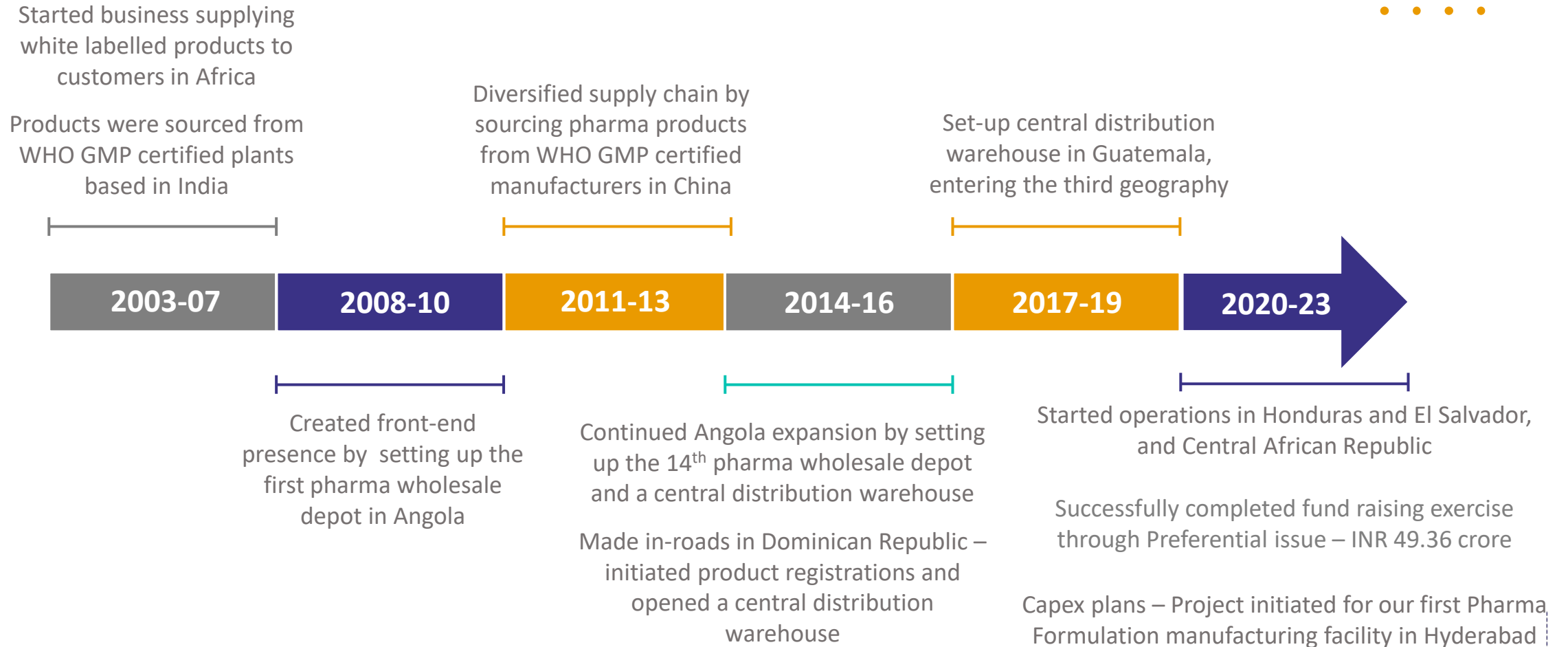
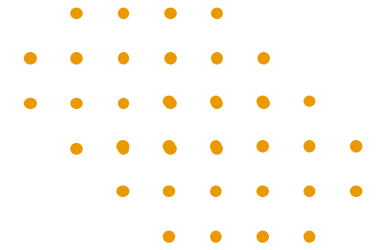
Production from the unit, located at a Pharma SEZ near Hyderabad, will commence by the end of FY25, focusing on General Oral Solid Dosage (OSD) formulations markets in Latin America and Africa. This will drive backward integration of the supply chain to these countries, currently outsourced through contract manufacturing relationships. This facility will produce higher efficacy products that enjoy greater acceptance and enhanced profit margins. From the operations standpoint, Balaxi will establish a manufacturing ecosystem that affords better control, improves regulatory processes and reduces time to market for new product launches. Over the medium term, Balaxi sees several new market opportunities opening up for its product lines.

Global Footprint

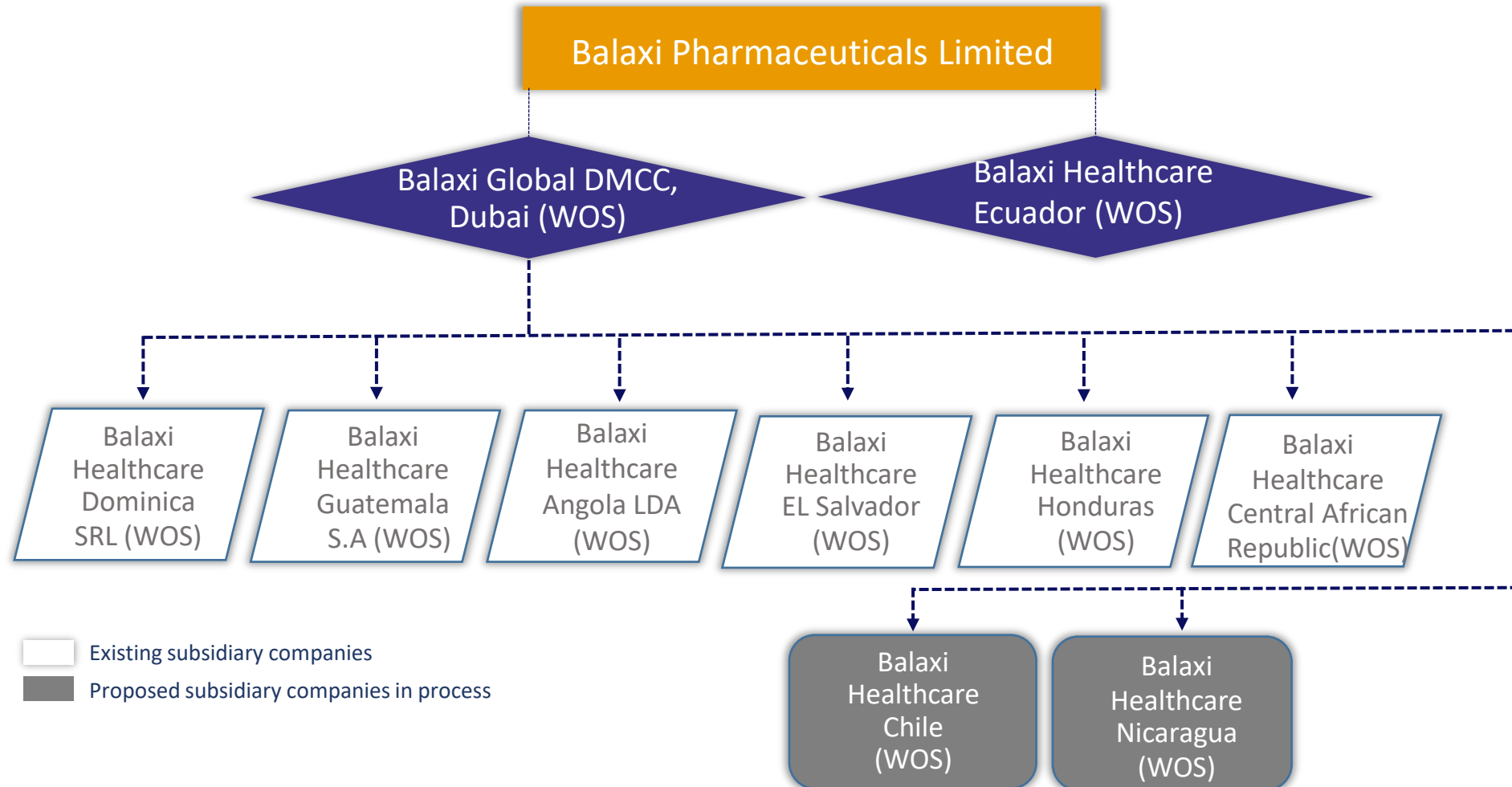


Existing/targeted markets have aggregate GDP of \$ 400 billion and pharma imports of \$ 6 billion

Key Milestones



Corporate Structure



Experienced Board of Directors



Ashish Maheshwari

Chairman & Managing Director
Founder of the company, first generation entrepreneur, qualified Chartered Accountant



Minoshi Maheshwari

Non-Executive Director
Co-founder, 20 years of rich experience with Balaxi



Kunal Bhakta

Independent Director
Chartered Accountant with 15 years' experience, manages First Water Capital, a SEBI registered listed markets AIF



Gandhi Gamji

Independent Director
MBA and Bachelors in Engineering, heads successful niche specialty paints and ink chemicals business in Africa/GCC



M.S. Rao

Independent Director
MBA from Asian Inst of Mgt, Manila; PGD from IIM-A, Cornell, Kansas State University Ex-CEO, Cereals System Initiative for S Asia promoted by Bill & Melinda Gates Foundation



Purnima Kamble

Independent Director
LLB from Univ of Lucknow, Heads Hyderabad practice of Fox Mandal, Solicitors & Advocates; 23 years' experience in corporate and commercial law

Dynamic Leadership Team



Ashish Maheshwari

Chairman & Managing Director

Founder of the company, first generation entrepreneur, qualified Chartered Accountant
Commenced business by supplying white labelled pharmaceuticals formulations to various importers
Established Balaxi Group as a conglomerate spanning four continents
Recognizes and appreciates knowledge, discipline, transparency and accountability



Amol Mantri

CFO

Qualified Chartered Accountant and Certified Public Accountant from USA
Associated with Balaxi Group since 2012
Inherent talent in designing and implementing systemic processes, checks and balances in all operations of the company
Clear understanding of the company's businesses spread across four continents and seven countries



Pranav Maheshwari

Head – Latin America

BBA and Economics Graduate from Emory University, Atlanta
Keen observer, quick learner, leads from the front
Oversees the company's vision for Latin America



Paridhi Maheshwari

Head – Alternate Channels

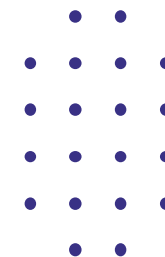
MBA Graduate from London Business School.
Stickler for well-defined systems and processes
Initiated and leads the consumer products business

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FINANCIAL HIGHLIGHTS



Management's Comments

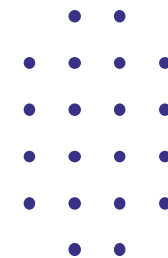


"During the quarter, we took various corrective measures to manage the exceptionally challenging situation that arose in the previous quarters due to unprecedented economic chaos in our oldest and biggest market of Angola, where local currency weakened in record time beyond the 825-per-dollar mark for the first time ever. Despite the unparalleled economic scenario that created disorder in customer sentiments and an uncertain market outlook, the Company demonstrated perseverance and managed the situation in the best possible way. In our strategic focused market of LATAM, we faced tough operating environment due to political upheavals in Guatemala during this quarter as well. However the issue has been settled now. Further, the Dominican Republic market bounced back after the resolution of Haiti border issue, which resulted in growth in top line during the quarter with a healthy gross profit margin of 40%.

In the quarter under review, we received 34 new product registrations. As on 31 December, the number of registered products in our portfolio expanded to 889 across eight countries in Africa and Latin America. Apart from this, we have another 700+ products under registration or in the pipeline for registration. With the increase in the number of product offerings, we expect to further increase our market share in the countries of our focus. We also plan to launch our operations in new countries in these regions.

Going forward, we believe that our performance will witness a positive growth in our markets and we will continue to create long-term value for our stakeholders."

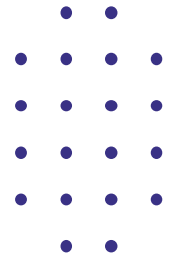
Quarterly Financial Performance



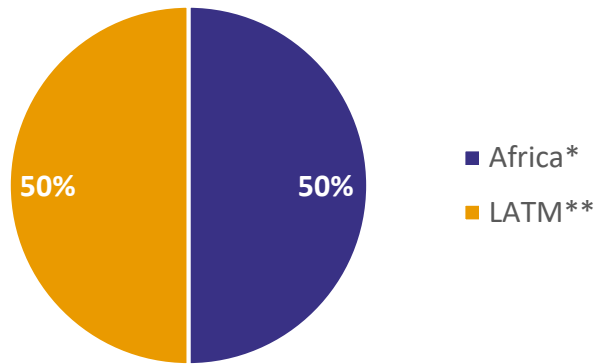
Particulars <i>(INR Crore)</i>	Q3FY24	Q3FY23	YoY
Revenue	60.78	86.58	(29.8%)
Gross Profit	30.42	33.85	(10.1%)
<i>Gross Margin %</i>	50.0%	39%	+1100 bps
EBITDA*	15.16	10.72	+41%
<i>EBITDA Margin %</i>	24.9%	12.4%	+1250 bps
Profit After Tax*	13.59	8.22	65.3%
<i>PAT Margin %</i>	22.4%	9.5%	+1290 bps
Earnings Per Share (INR)	13.29	8.21	61.9%

*During the current quarter, unrealised loss recognised in previous quarter profit and loss account has been reversed to the extent of INR 1.64 Cr. and has been classified under Exceptional items in Financials. As mentioned previously, inventory lying in the books continues to be sold at substantially higher than the carrying value and profits will continue to be recognised as and when realised.

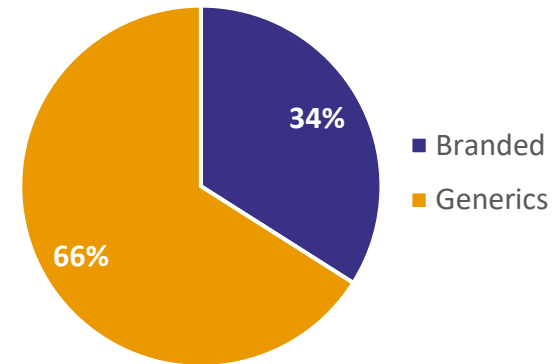
Pharma Product Mix – Q3 FY24



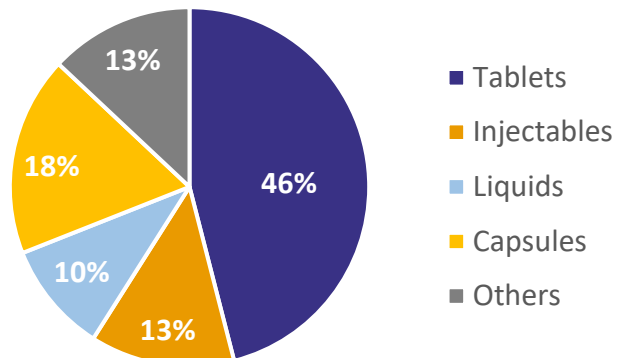
Geographies



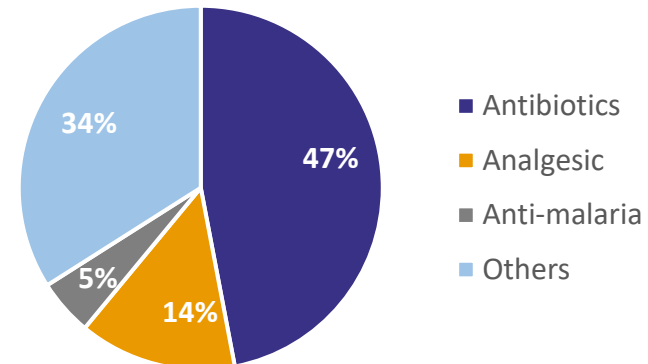
Products



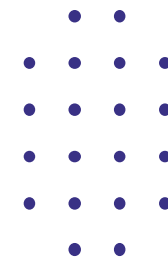
Dosage Forms



Therapeutic Areas



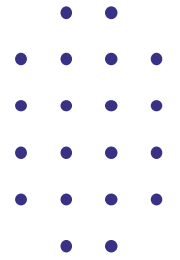
Historical Financial Performance (Consolidated): FY23



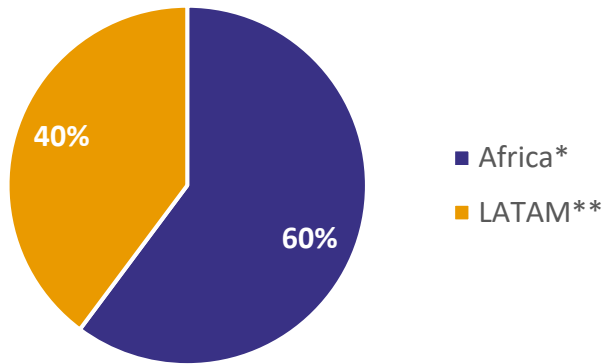
Particulars <i>(INR Crore)</i>	FY23	FY22	YoY
Revenue	336.43	279.39	+20.4%
Gross Profit	134.01	83.79	+59.9%
<i>Gross Margin %</i>	39.8%	30.0%	+980 bps
EBITDA	59.17	55.18	+7.2%
<i>EBITDA Margin %</i>	17.6%	19.7%	(210 bps)
Profit After Tax	45.96	47.66	(3.6%)
<i>PAT Margin %</i>	13.7%	17.1%	(340 bps)
Earnings Per Share (INR)	45.81	47.66	(3.9%)

NOTE: Financial Results for FY23 are not strictly comparable with FY22 due to the consolidation of Balaxi Healthcare LDA Angola, which became a wholly owned subsidiary of Balaxi Global DMCC with effect from 1st January 2022

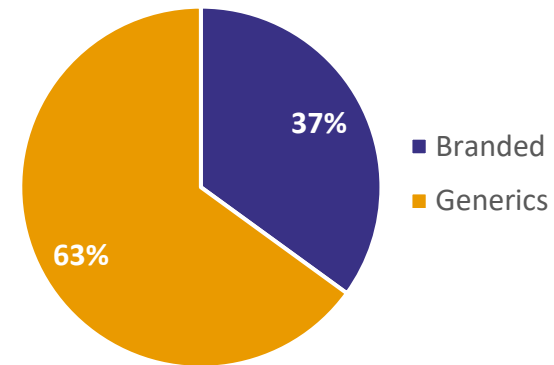
Pharma Product Mix – FY23



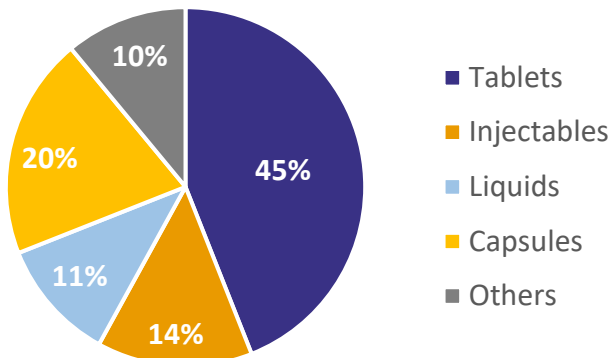
Geographies



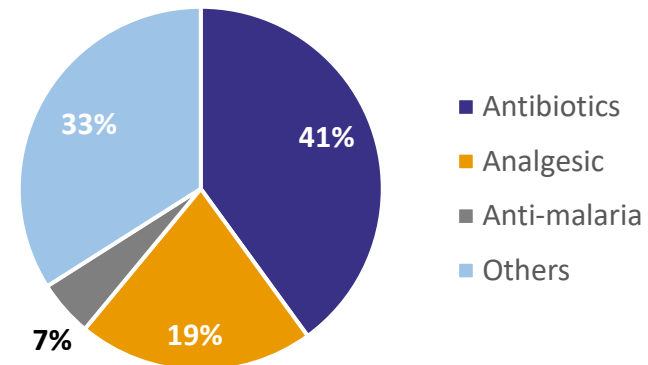
Products



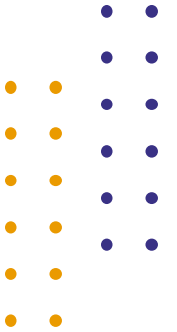
Dosage Forms



Therapeutic Areas



Core Strategy: Enter, Expand & Excel



Balaxi in 2020: Business Consolidation

- Presence across Angola, Guatemala and Dominican Republic
- Effective and efficient supply chain model consisting of 38 warehouses and a fleet of owned vehicles

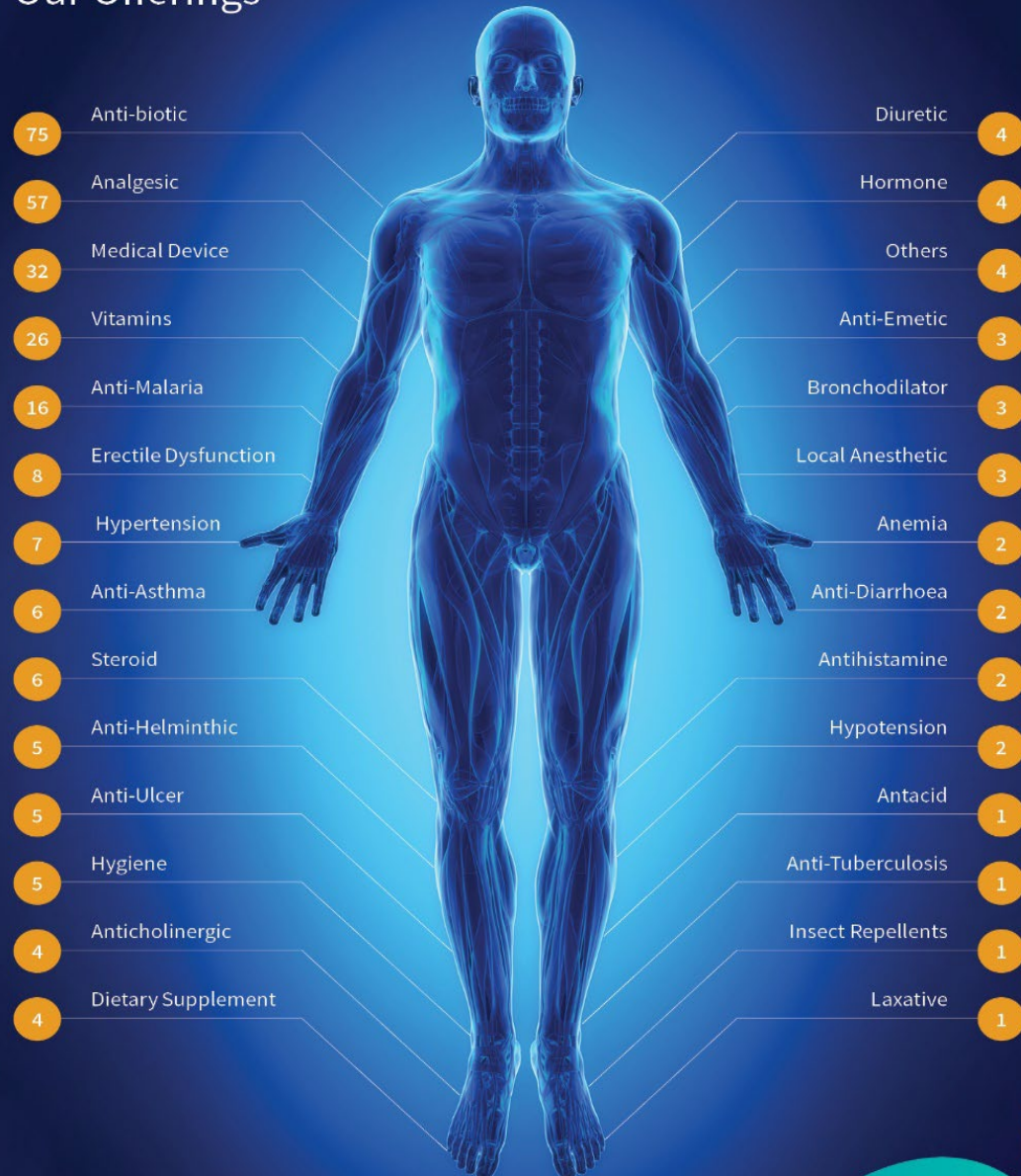
Balaxi in 2021-23: Expansion into New Geographies

- Aim to capture incremental market share in existing geographies by continuing to pursue various opportunities by leveraging physical assets
- Expanding presence in Honduras, El Salvador, Nicaragua, and Central African Republic
- Focus on offering a comprehensive product portfolio to fulfill consumer demand

Balaxi in 2024 & Beyond

- Foray into other Latin American countries, South-East-Asia and CIS markets, replicating the established and differentiated business model
- Plans to enter new global markets backed by our first pharma formulation manufacturing set up
- Focus on ideal mix of branded and generic medicines, maximizing returns in key geographies
- Targeting strong global presence in top 20 frontier markets over the next five years

Our Offerings



Balaxi

Pharmaceuticals Limited



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Thank You