

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.

Contents

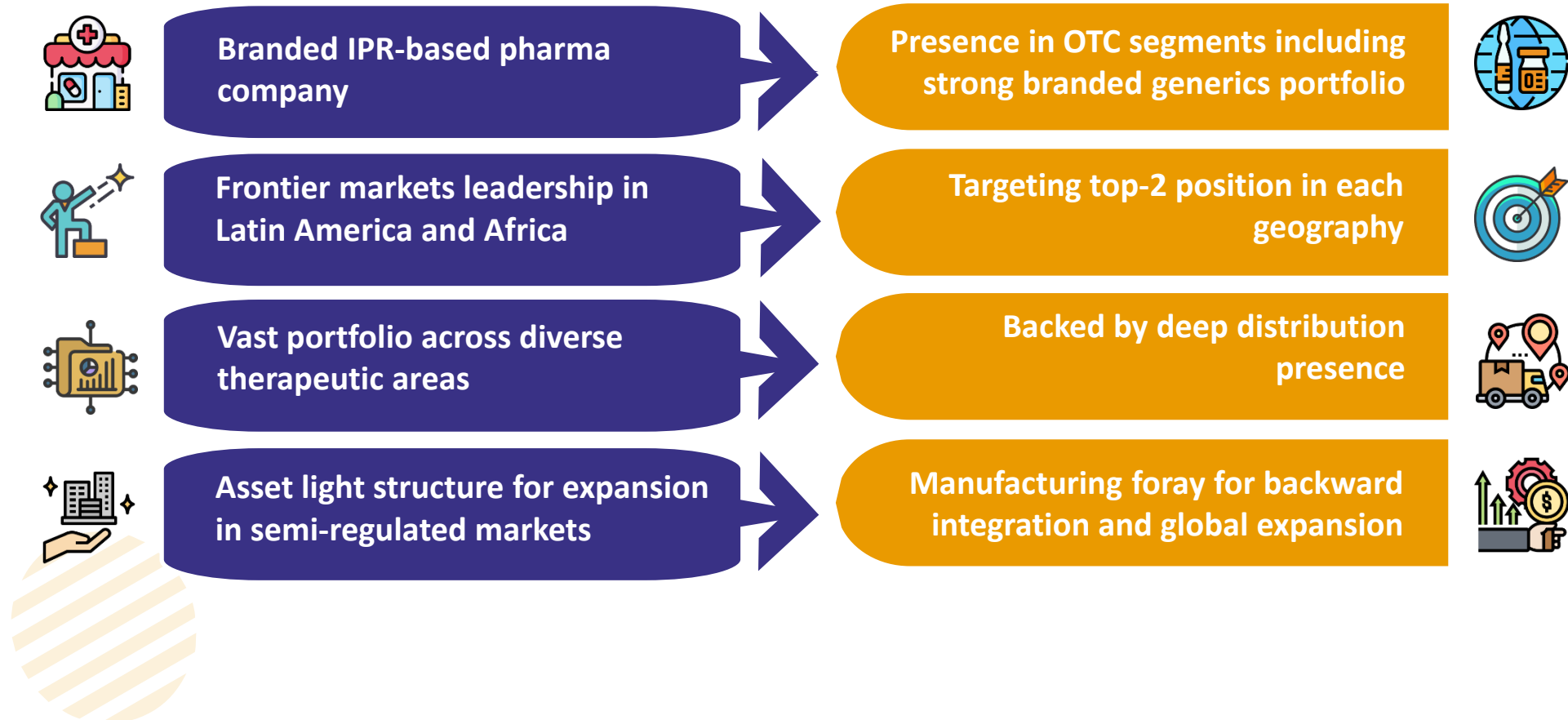


04 Corporate Snapshot

14 Financial Highlights

19 Strategic Roadmap

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	808 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

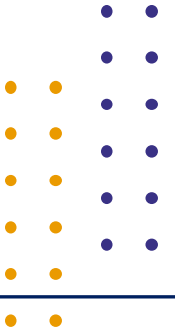
- Appreciation and full compliance of local regulatory framework
- Comprehensive, in-house capabilities backed by cross-functional coordination with business/tech teams
- Digitization of regulatory operations with end-to-end management and data security
- Typical 12-18 month regulatory process is monitored 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) and Liquid Injection 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 June 2024

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

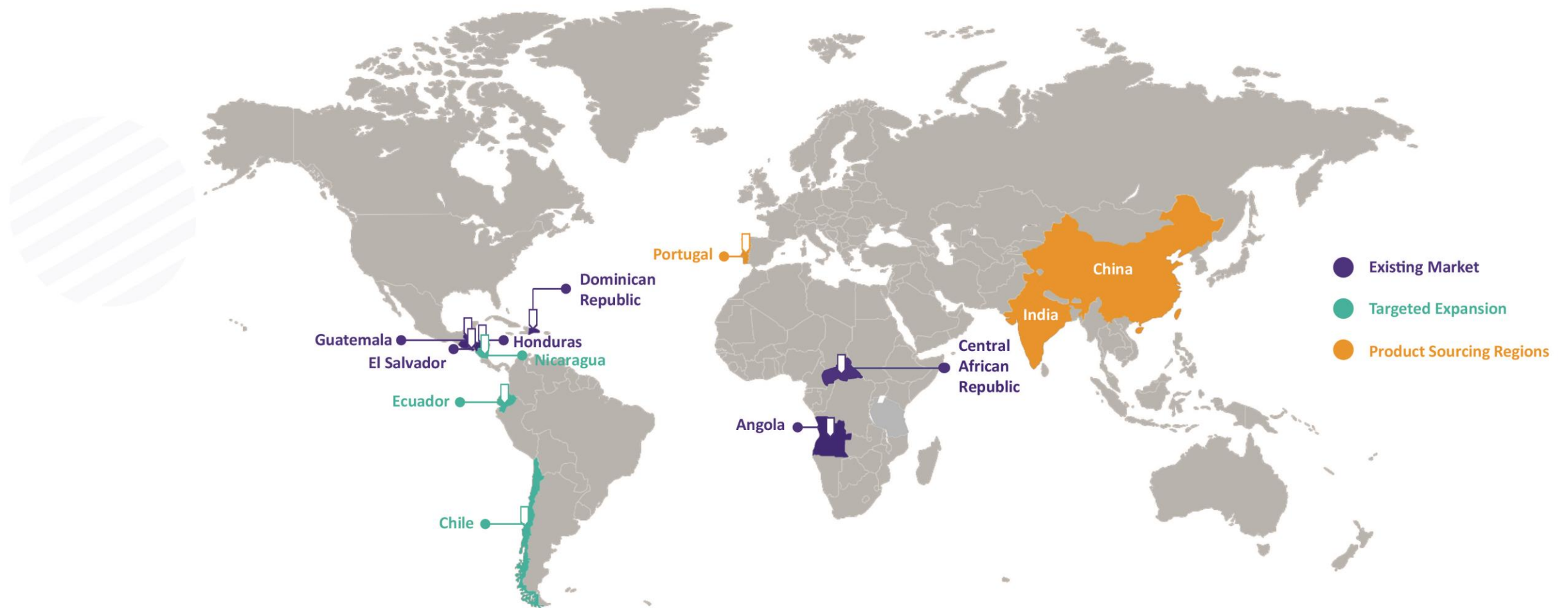
Strong control over manufacturing ecosystem

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

Opens up several new market opportunities globally

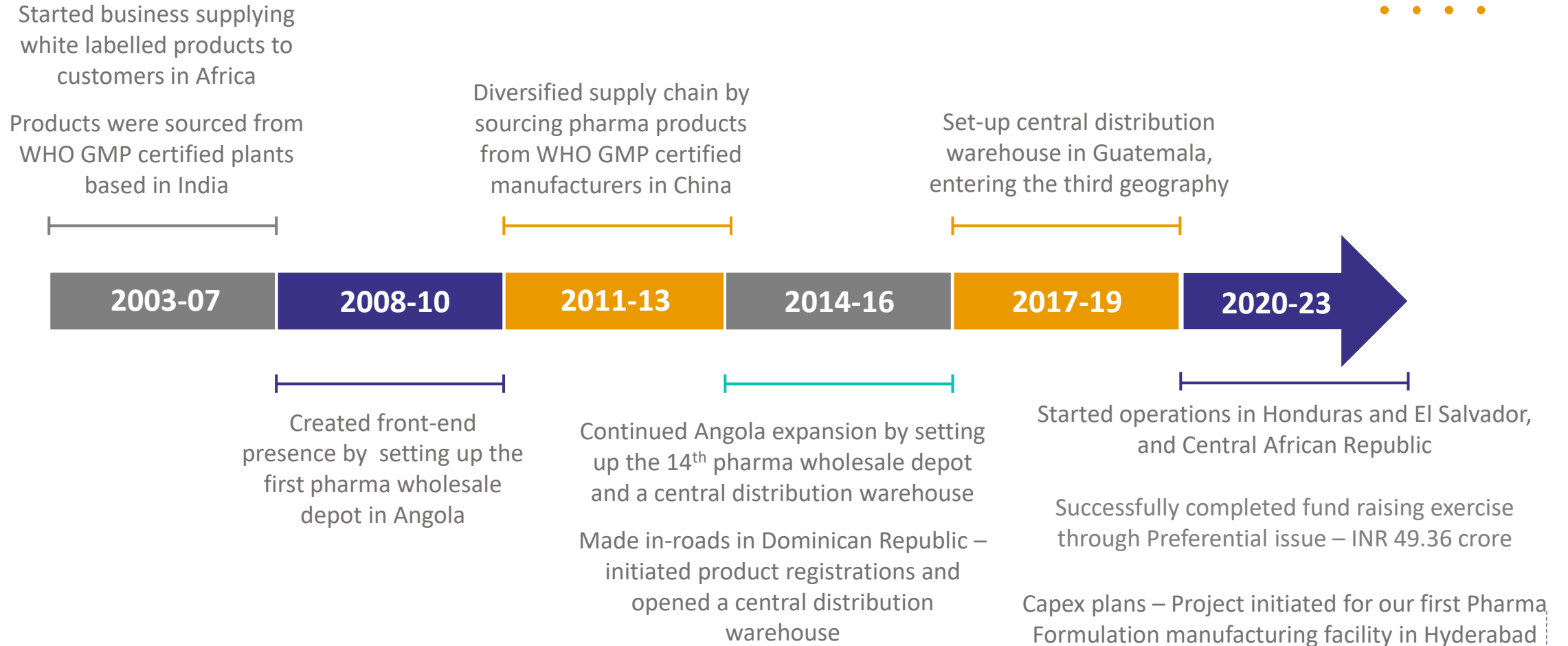
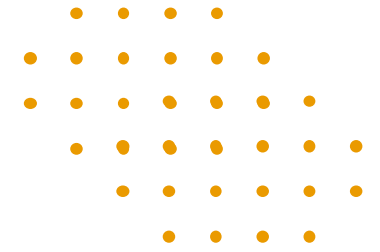
Production from the unit, located at a Pharma SEZ near Hyderabad, will commence by 2nd quarter of FY25, focusing on General Oral Solid Dosage (OSD) and Liquid Injection formulations markets in Latin America. This will drive backward integration of the supply chain to these countries, currently outsourced 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

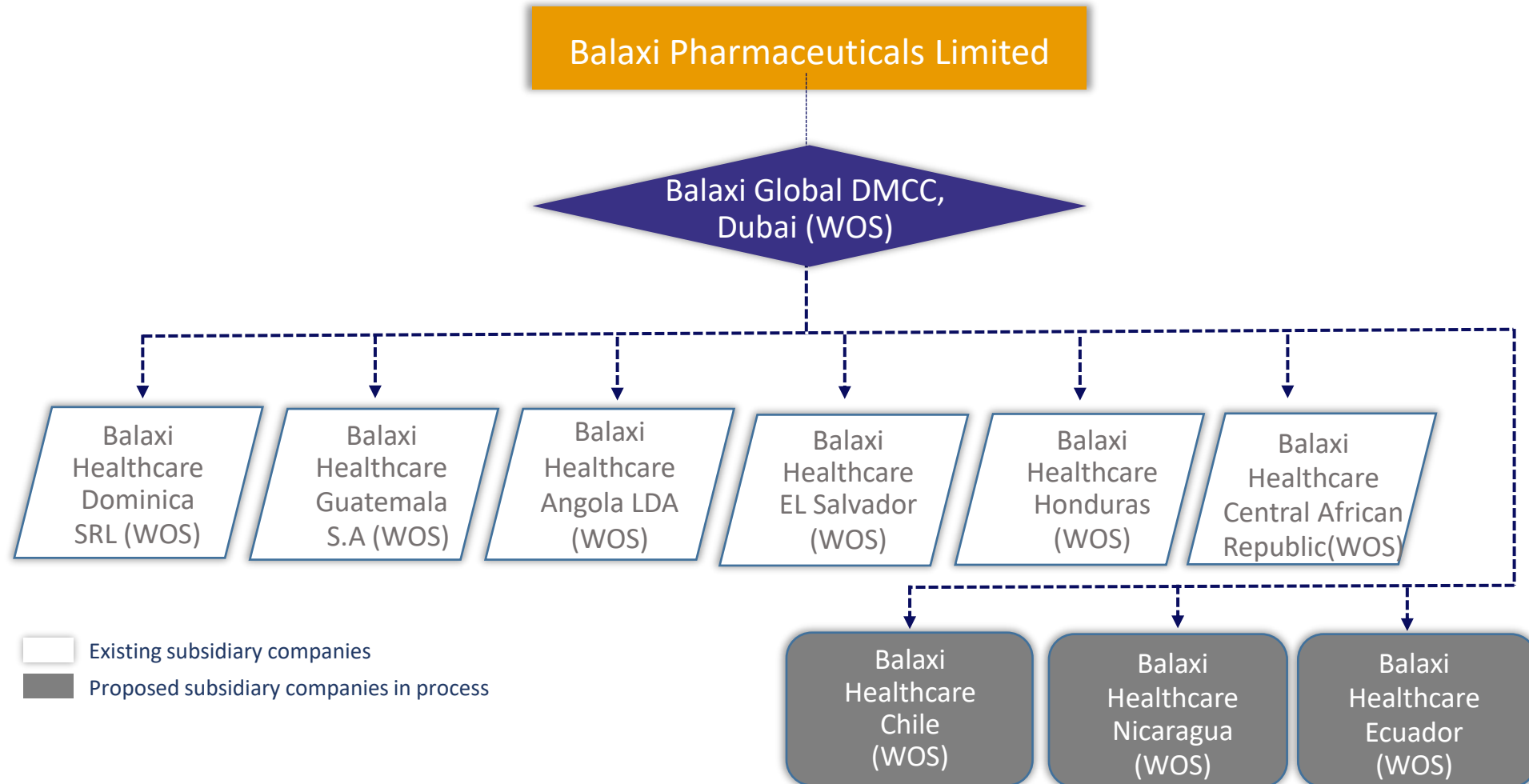


Existing/targeted markets have aggregate GDP of \$ 400 billion and pharma imports of \$ 6 billion

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

Strong 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

Currently pursuing MBA at London Business School
BBA Graduate from University of Southern California, Los Angeles
Stickler for well-defined systems and processes
Initiated and leads the consumer products business

“

FINANCIAL HIGHLIGHTS



Management's Comments

"In FY23, despite the tough operating environment marked by geo-political upheavals, inflationary trends, impact of global pandemic, supply chain issues, and currency depreciation, we have strategically focused on our newly launched geographies in the Latin American markets – Guatemala, Honduras and El Salvador. These LATAM markets grew by 37% and have contributed 40% of our pharmaceuticals revenues and we are confident of increasing this further as we penetrate these markets and increase volumes. Our mature presence in Angola has also contributed with another steady performance contributing 60% of the pharmaceuticals business.

As on 31 March, the number of registered products in our portfolio expanded to 808 across six countries in Africa and Latin America. Apart from this, we have another 700 products under registration or in 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.

Furthermore, during the month of December, we conducted Ground Breaking Ceremony for our proposed first pharma formulation facility, which will boost our margin profile in the times to come. Going ahead, once the operation at our manufacturing facility commences, we look forward to operating a well-integrated and efficient supply chain that will support our growth and value enhancement objectives."

↑ **20%**
Revenues

↑ **60%**
Gross Profit

↑ **7.2%**
Operating
EBITDA

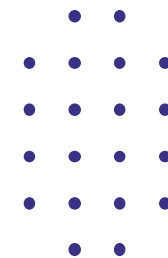
31%*
Return on Equity

INR 45.81
Earning Per
Share



Ashish Maheshwari
Chairman & Managing Director

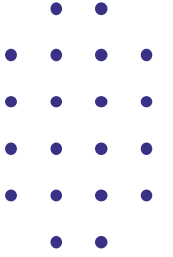
Financial Performance (Consolidated)



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

Financial Performance Commentary



Revenue

- Higher contribution from the pharmaceuticals business led to y-o-y growth of 20% in revenues for FY23 compared to FY22. The share of LATAM markets increased to 40% of pharmaceutical revenues, highlighting our ability to quickly expand geographical presence. Key contributions to growth came from recently launched operations in markets like Honduras and El Salvador that are showing stronger demand for our products apart from substantial growth in Guatemala and Dominican Republic. Our pharma business in Angola continues to generate strong cash flows that are being re-invested for expanding into new markets.

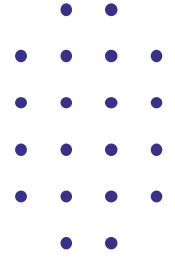
EBITDA

- During the year, operating EBITDA stood at Rs. 59.17 crore, a growth of 7.2% y-o-y. This was on account of increasing contribution from LATAM markets and expansion into newer geographies. EBITDA margin has declined by over 200 bps to 17.6% in FY23 – however, going forward with contribution from the newly entered market rising, there should be a steady rise in our margins.

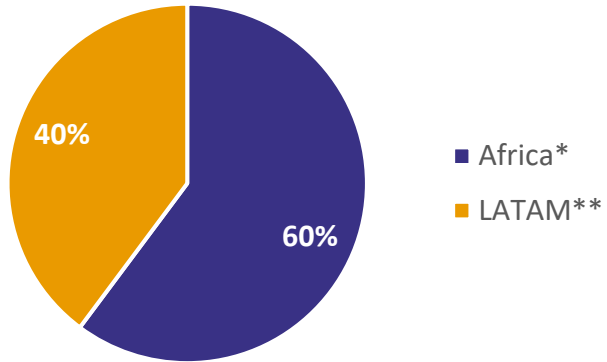
Profit After Tax and EPS

- During the year, Profit After Tax stood at Rs. 45.96 crore. Earnings per Share (EPS) for the year was recorded at Rs. 45.81 compared to Rs. 47.66 in the previous year.

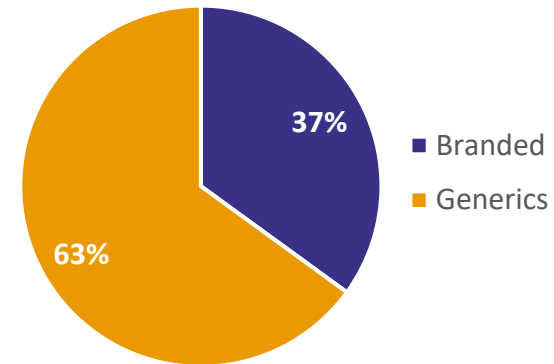
Pharma Product Mix – FY23



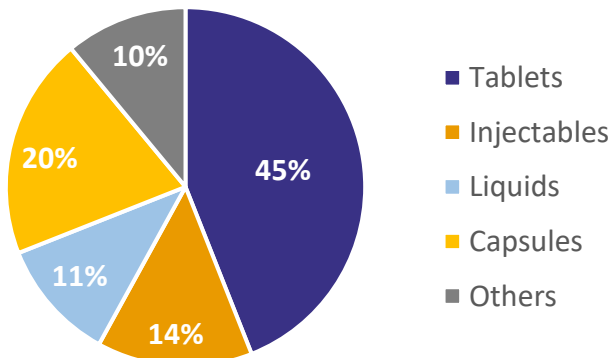
Geographies



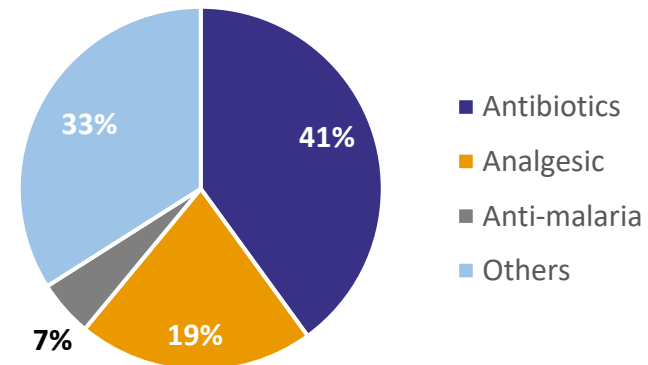
Products



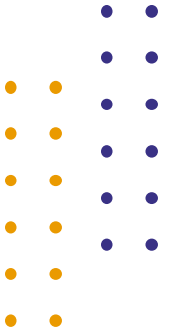
Dosage Forms



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

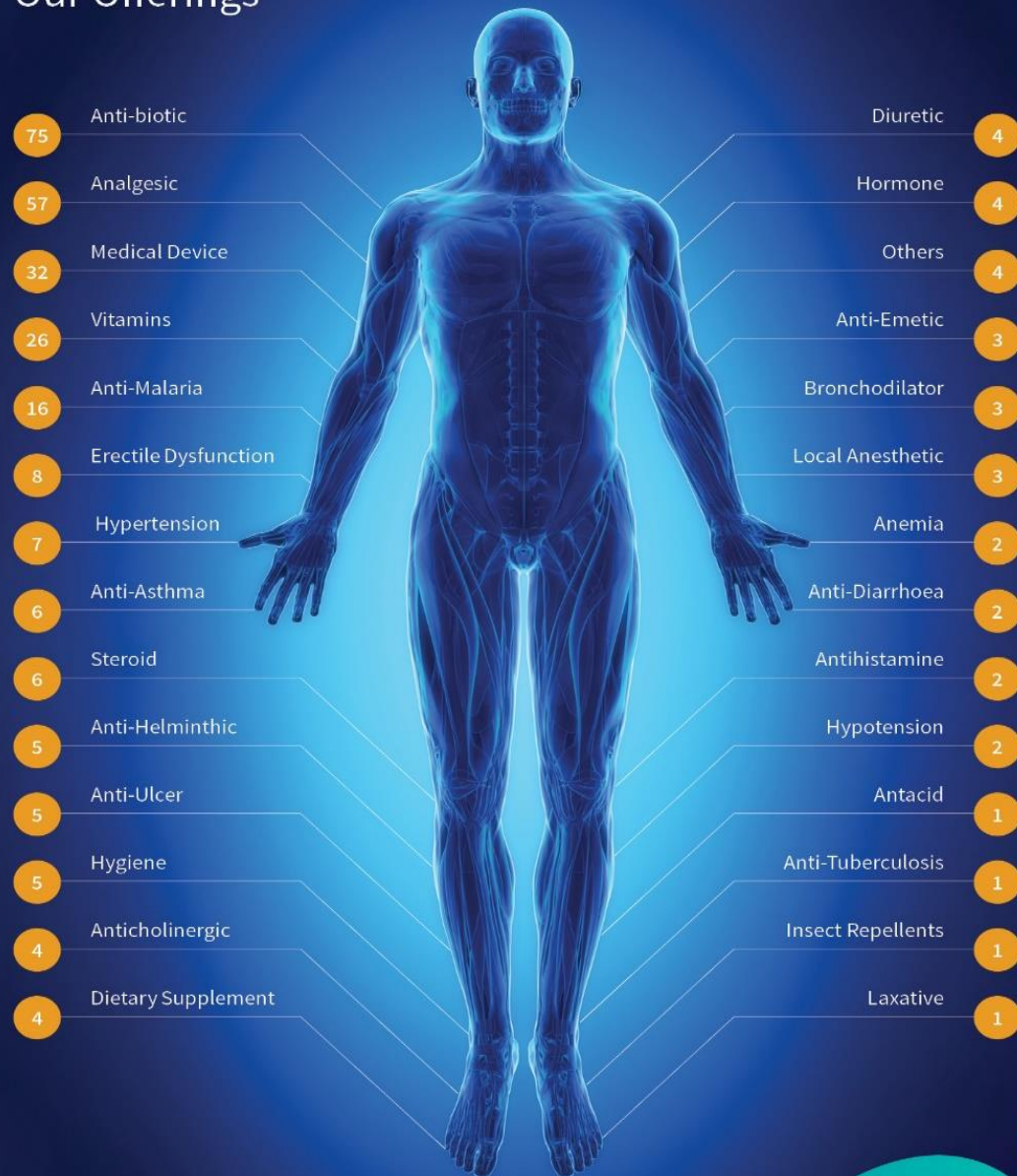
Balaxi in 2021-23: Expansion into New Geographies

- 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



Plot No. 409, H.No. 8-2-293, 2nd Floor Maps Towers, Jubilee Hills, Road No:81,Hyderabad. Telangana

CIN: L25191TG1942PLC121598

Company Investor Relations contact



Sunny Purohit



+91-40-2355-5300



sunny@balaxi.com



www.balaxipharma.in

NSE BALAXI

Bloomberg BALAXI:IN

Thank You