

Balaxi

Pharmaceuticals Limited



Branded IPR-driven Pharma Player in Frontier Markets

Q1FY23 Financial Results

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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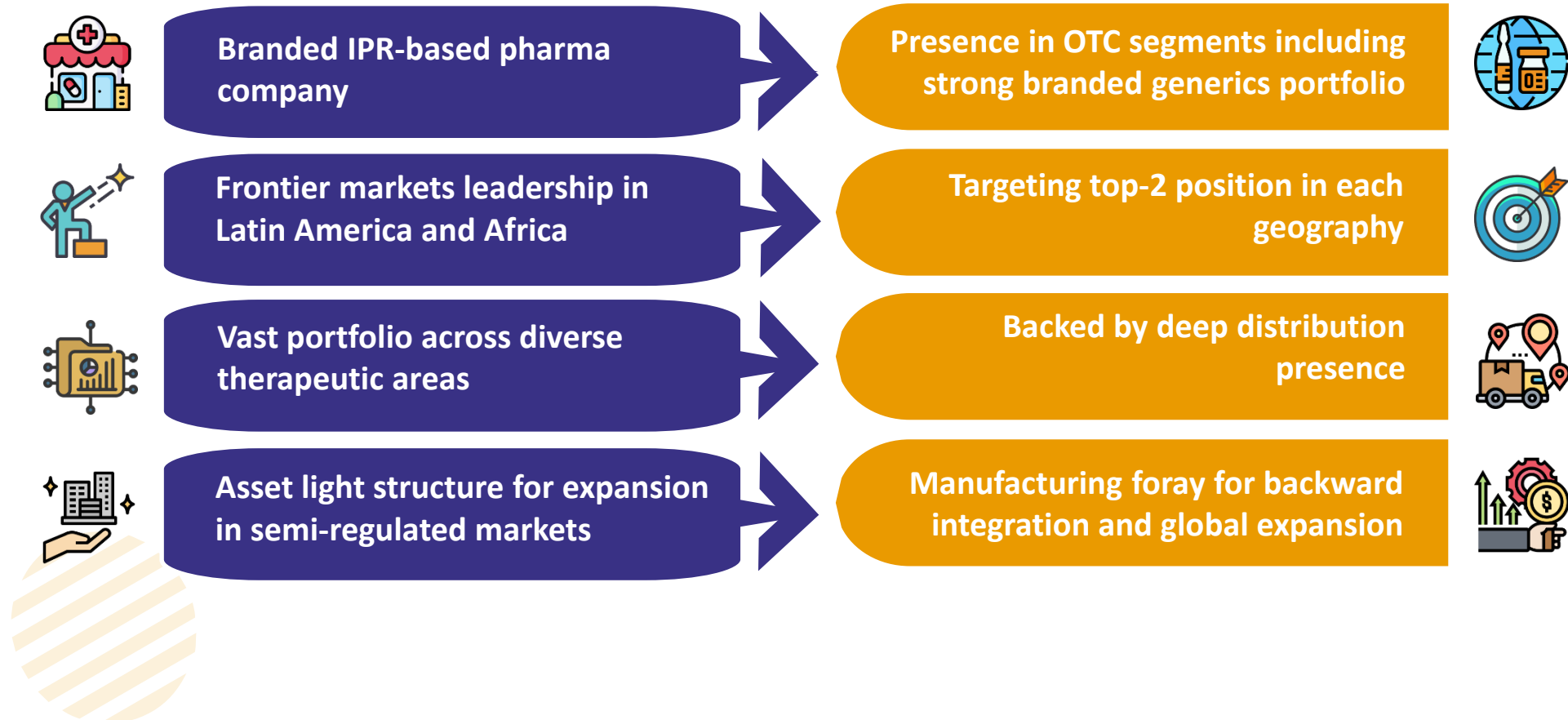
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Bridging the Supply Gap in Frontier Markets



Successful Produce, Stock, Sell Business Model

Markets	Established operations: Guatemala (Latin America), Dominican Republic (Caribbean) and Angola (Africa) New operations: Honduras (Latin America)	Expansion initiated: El Salvador, Nicaragua, Ecuador, Chile (Latin America) Central African Republic, Zambia (Africa)
Products	Vast range of essential OTC medicines – with healthy mix of generics and branded generics	649 product registrations in five countries 625 registrations submitted or in the pipeline
Supply Chain	Outsourced production from WHO GMP certified plants in India, China and Portugal	Establishing EU GMP compliant facilities in Hyderabad
Distribution	Deep presence through 37 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 an EU GMP compliant pharmaceutical manufacturing unit for which it has acquired land in a Pharma SEZ located at Jadcherla, Hyderabad.

Investment in Manufacturing Facilities

Setting up EU GMP compliant pharma 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 March 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 an EU GMP compliant pharmaceutical 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

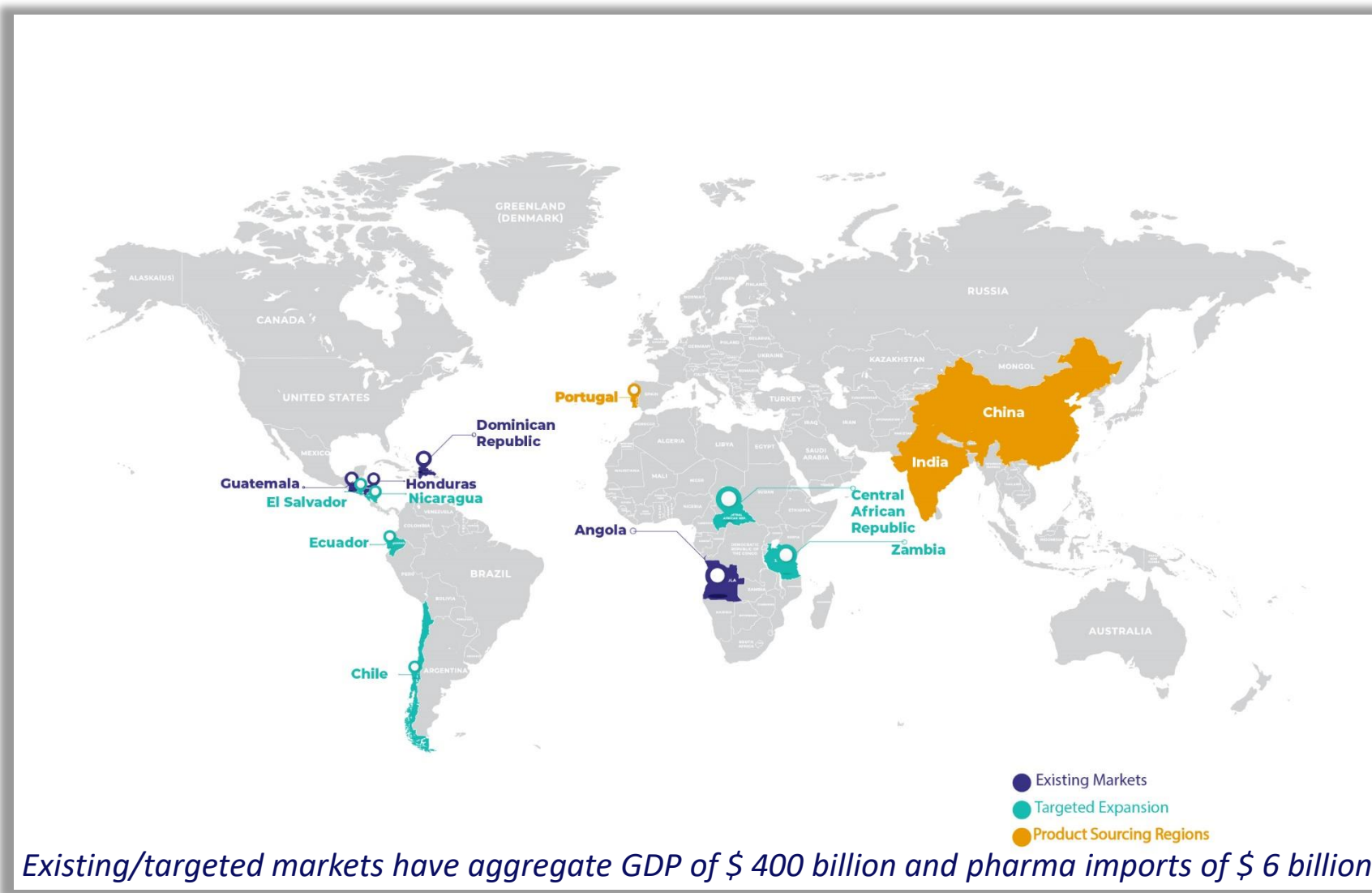
Strong control over manufacturing ecosystem

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

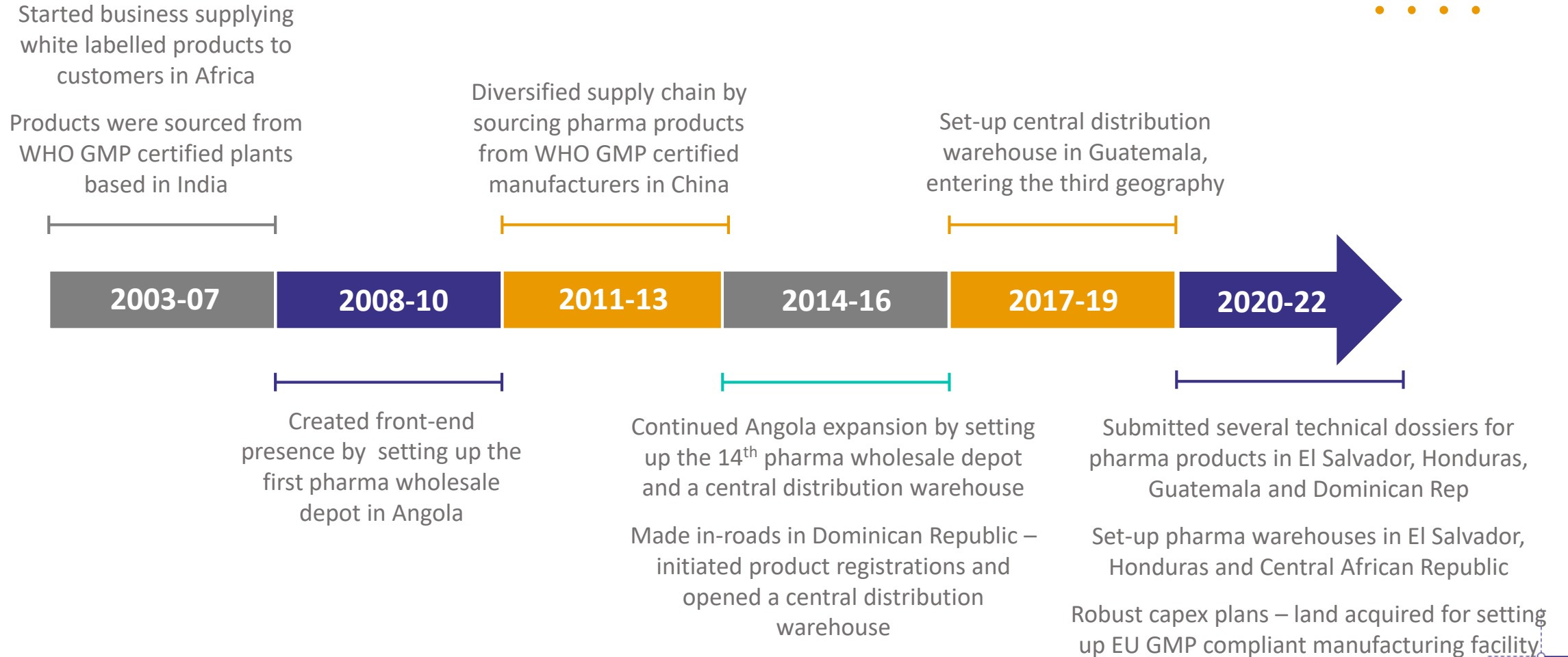
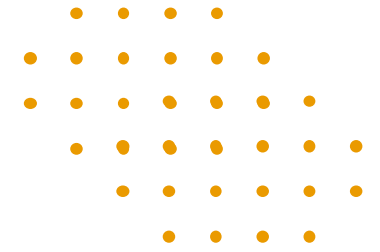
Opens up several new market opportunities globally

Production from the unit, located at a Pharma SEZ near Hyderabad, will commence by March 2024, 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.

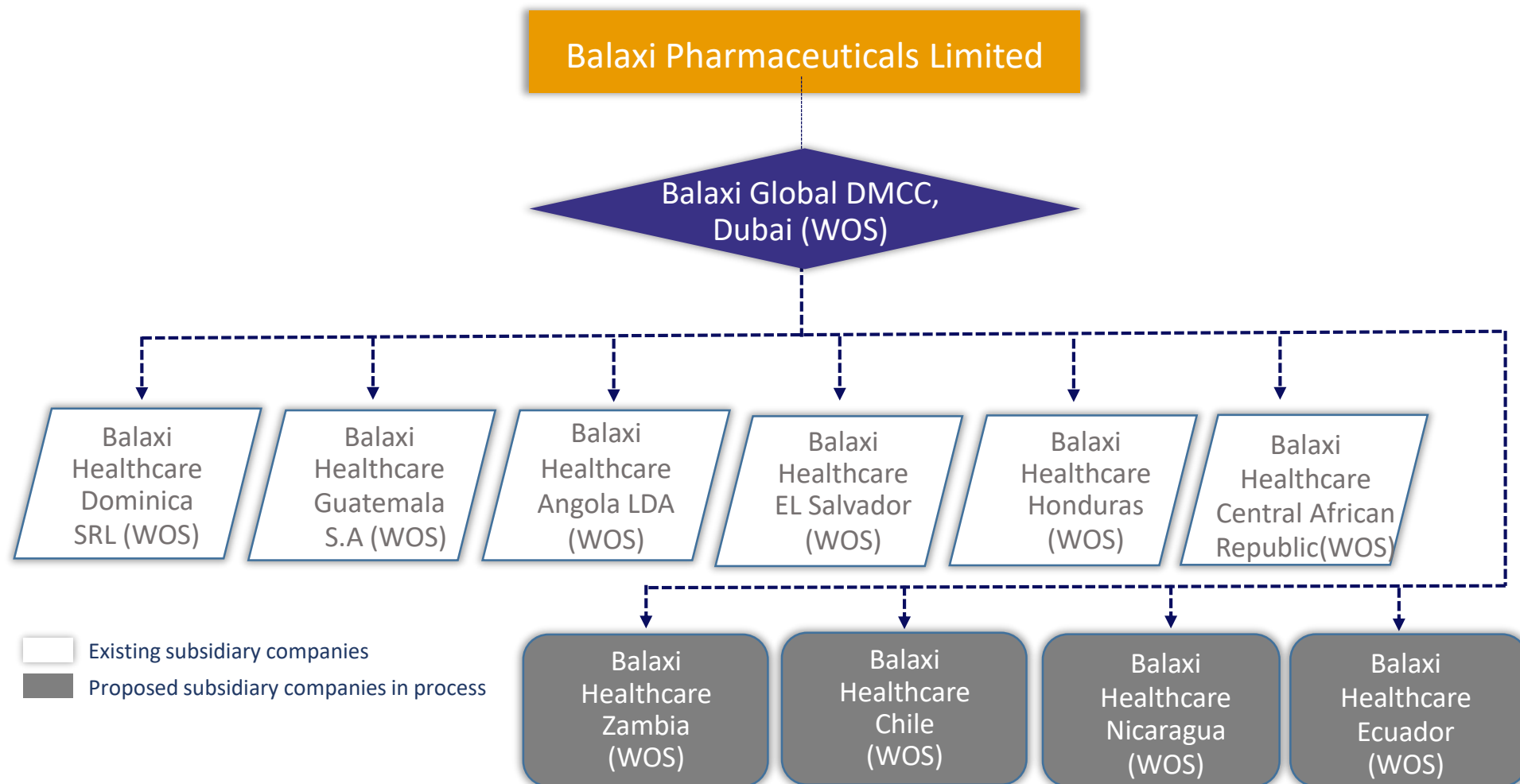
Global Footprint



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

Regional Teams



Ram Chawla
Country Head – Angola



Jignesh Dinesh Kumar Shah
Financial Controller – Angola



Laksh Shewakramani
Compliance Head – Angola



Pankaj Singh
Head of Operations – Guatemala



Manish Jumnani
Sales Head – Guatemala



Karan Kapoor
Head of Operations –
Dominican Republic



Bharat Jawarani
Sales Head –
Dominican Republic

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FINANCIAL HIGHLIGHTS



Management's Comments

"Our revenue growth of 42% during Q1 is driven by strong volume contribution from Latin American markets. We have also derived translation benefits from a strong currency in Angola. Gross margin expanded significantly, once again based on the strength of the growing Latin American business. In these markets, product margins are intrinsically higher and especially for value-added, branded portfolios, a clear area of focus for Balaxi.

The company's operating cost structure – both people and organizational costs – has increased substantially with the entry into several new markets. This includes establishment and product registration expenses in countries that are not contributing to sales at present. Going forward, as business scales up, we expect a positive contribution to revenue growth as well as geographical diversification.

As indicated previously, we are making good progress on the planned EU GMP-compliant manufacturing facility near Hyderabad. Production is expected to commence by March 2024, focusing on General Oral Solid Dosage (OSD) and Liquid Injection formulations in Latin American markets where we are rapidly gaining visibility. The estimated project investment of Rs. 85 crore will be financed partly from internal accruals and a judicious mix of additional capital. With the seamless transition from outsourcing to manufacturing in existing geographies, we see a strong payback apart from several strategic benefits for the business from this investment."

↑ **42%**
Revenues

↑ **106%**
Gross Profit

↑ **21%**
EBITDA

↑ **32%**
Profit After Tax

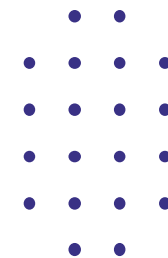
50%
Return on Equity

Debt Free



Ashish Maheshwari
Chairman & Managing Director

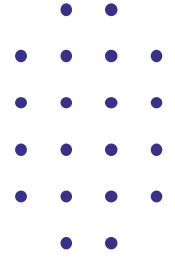
Quarterly Financial Performance



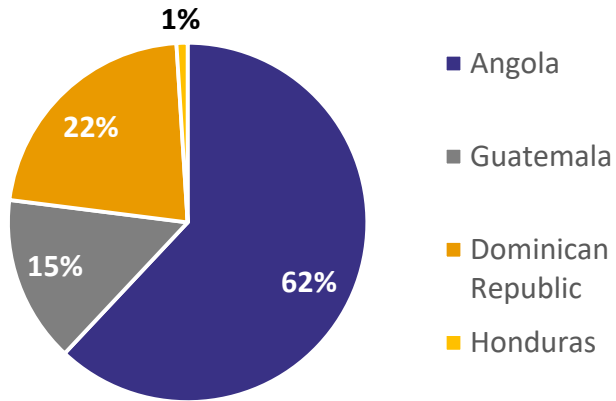
Particulars <i>(INR Crore)</i>	Q1FY23	Q1FY22	YoY
Revenue	82.78	58.34	+41.9%
Gross Profit	34.52	16.8	+105.5%
<i>Gross Margin %</i>	<i>41.7%</i>	<i>28.8%</i>	<i>1,290 bps</i>
EBITDA	17.03	12.55	+35.6%
<i>EBITDA Margin %</i>	<i>20.6%</i>	<i>21.5%</i>	<i>(95) Bps</i>
Profit After Tax	14.15	10.71	+32.1%
<i>PAT Margin %</i>	<i>17.1%</i>	<i>18.4%</i>	<i>(127) Bps</i>
Earnings Per Share (INR)	14.15	10.71	+32.1%

Quarterly Financial Results for Quarter ending 30.6.22 are not strictly comparable with Quarter ending 30.6.21 due to the consolidation of Balaxi Healthcare LDA Angola (BHA) which became a wholly owned subsidiary of Balaxi Global DMCC with effect from 1st January 2022.

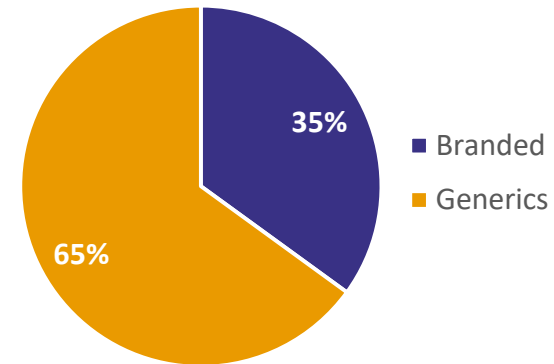
Pharma Product Mix – Q1 FY23



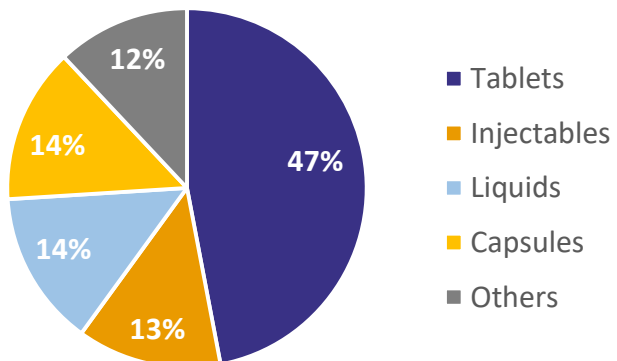
Geographies



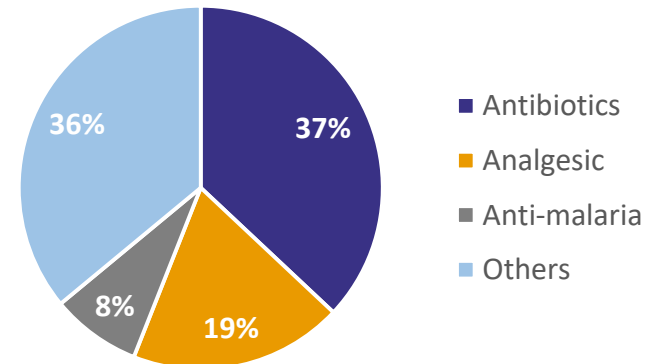
Products



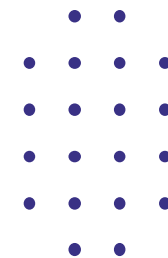
Dosage Forms



Therapeutic Areas

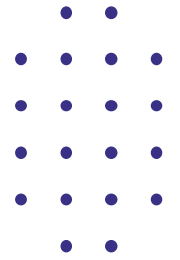


Historical Financial Performance

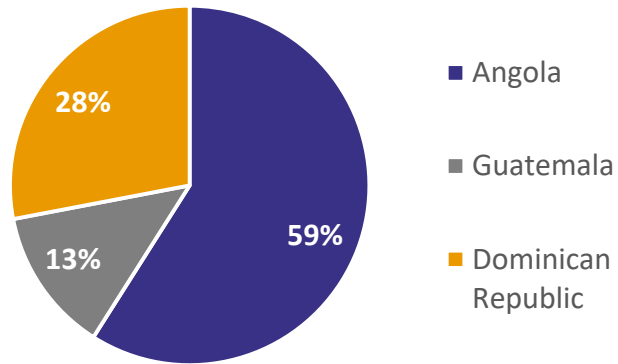


Particulars <i>(INR Crore)</i>	FY22	FY21	YoY
Revenue	279.39	231.33	+20.8%
Gross Profit	83.79	59.19	+41.6%
<i>Gross Margin %</i>	30.0%	25.6%	+440 bps
EBITDA	55.18	44.64	+23.6%
<i>EBITDA Margin %</i>	19.7%	19.3%	+45 bps
Profit After Tax	47.66	38.14	+25.0%
<i>PAT Margin %</i>	17.1%	16.5%	+60 bps
Earnings Per Share (INR)	47.66	38.14	+25.0%

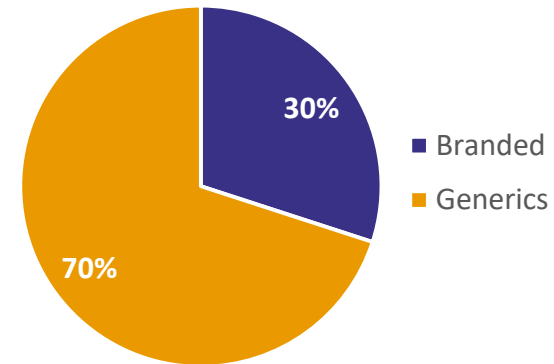
Pharma Product Mix – FY22



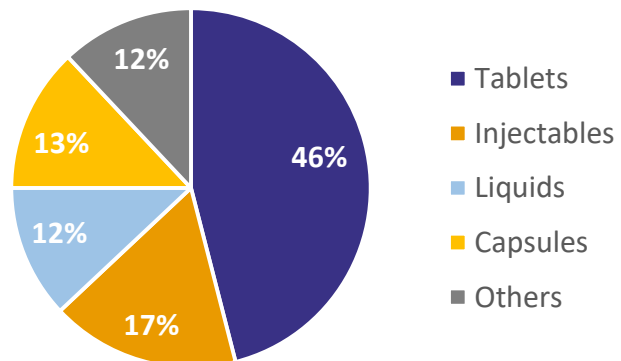
Geographies



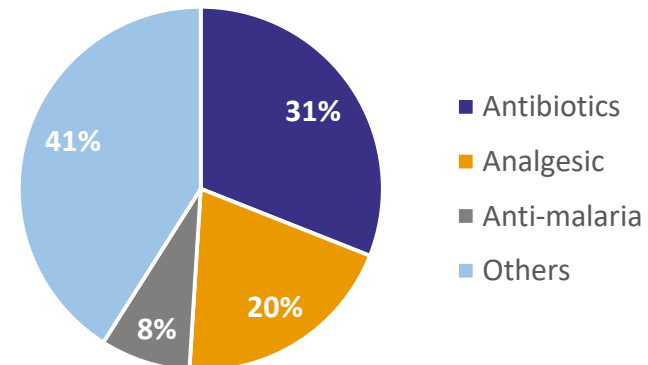
Products



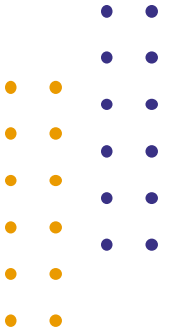
Dosage Forms



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

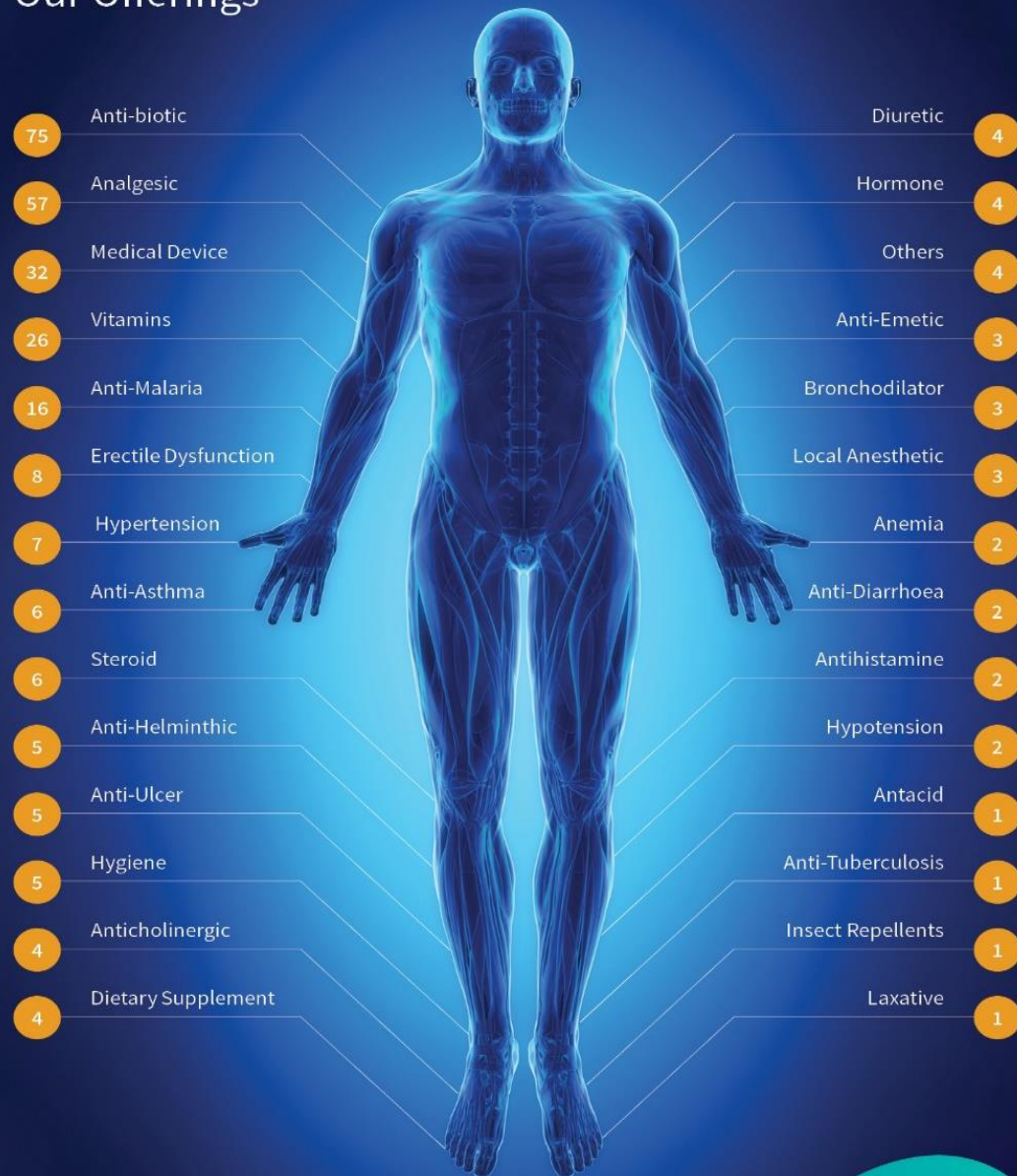
Balaxi in 2021-22: Expansion into New Geographies

- 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, Zambia and Central African Republic
- Focus on offering a comprehensive product portfolio to fulfill consumer demand

Balaxi in 2023 & Beyond

- Foray into other Latin American countries and CIS markets, replicating the established and differentiated business model
- Plans to enter new global markets backed by a EU GMP compliant 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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CIN: L25191TG1942PLC121598

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Thank You