

November 05, 2022

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

NSE Symbol: BALAXI

Dear Sir/Madam,

Subject: Investor Presentation Q2 FY 2023

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we enclose herewith the Investor Presentation on highlights of the Financial Results of the Company for the quarter ended September 30, 2022.

The aforesaid information is also being hosted on the Company's website at www.balaxipharma.in.

This is for your information and records.

Yours Faithfully,

For **Balaxi Pharmaceuticals Limited**

Udayan Shukla

(Company Secretary and Compliance Officer)
Membership No.: F11744

Encl: A/a

Registered Office:

2nd Floor, Maps Towers, Plot No.409, Road No. 81, Jubilee Hills, Phase-III, Hyderabad, Telangana, India - 500096.

CIN: L25191TG1942PLC121598

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

Balaxi

Pharmaceuticals Limited



Branded IPR-driven Pharma Player in Frontier Markets

Q2 FY23 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.

Contents



04 Corporate Snapshot

15 Financial Highlights

21 Strategic Roadmap

Bridging the Supply Gap in Frontier Markets



Branded IPR-based pharma company



Frontier markets leadership in Latin America and Africa



Vast portfolio across diverse therapeutic areas



Asset light structure for expansion in semi-regulated markets

Presence in OTC segments including strong branded generics portfolio

Targeting top-2 position in each geography

Backed by deep distribution presence

Manufacturing foray for backward integration and global expansion



Successful Produce, Stock, Sell Business Model

Markets	<p>Established operations: Guatemala (Latin America), Dominican Republic (Caribbean) and Angola (Africa)</p> <p>New operations: Honduras and El Salvador</p>	<p>Expansion initiated: Nicaragua, Ecuador, Chile (Latin America) Central African Republic, Zambia (Africa)</p>
Products	<p>Vast range of essential OTC medicines – with healthy mix of generics and branded generics</p>	<p>745 product registrations in six countries 646 new registrations submitted or in the pipeline</p>
Supply Chain	<p>Outsourced production from WHO GMP certified plants in India, China and Portugal</p>	<p>Establishing EU GMP compliant facilities in Hyderabad</p>
Distribution	<p>Deep presence through 37 warehouses and on-ground fleet support</p>	<p>Successful process being replicated in other frontier markets; expansion plans in other global markets over near to medium term</p>
Transformation	<p>New initiatives strengthening functionality in supply chain, regulatory affairs and customer service</p>	<p>Centralized digital procurement, regulatory management and customized CRM tools</p>

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

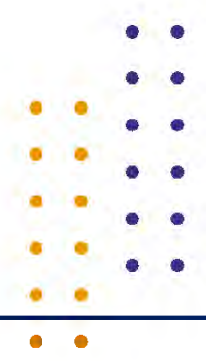
- Appreciation and full compliance of local regulatory framework
- Comprehensive, in-house capabilities backed by cross-functional coordination with business/tech teams
- Digitization of regulatory operations with end-to-end management and data security
- Typical 12-18 month regulatory process is monitored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

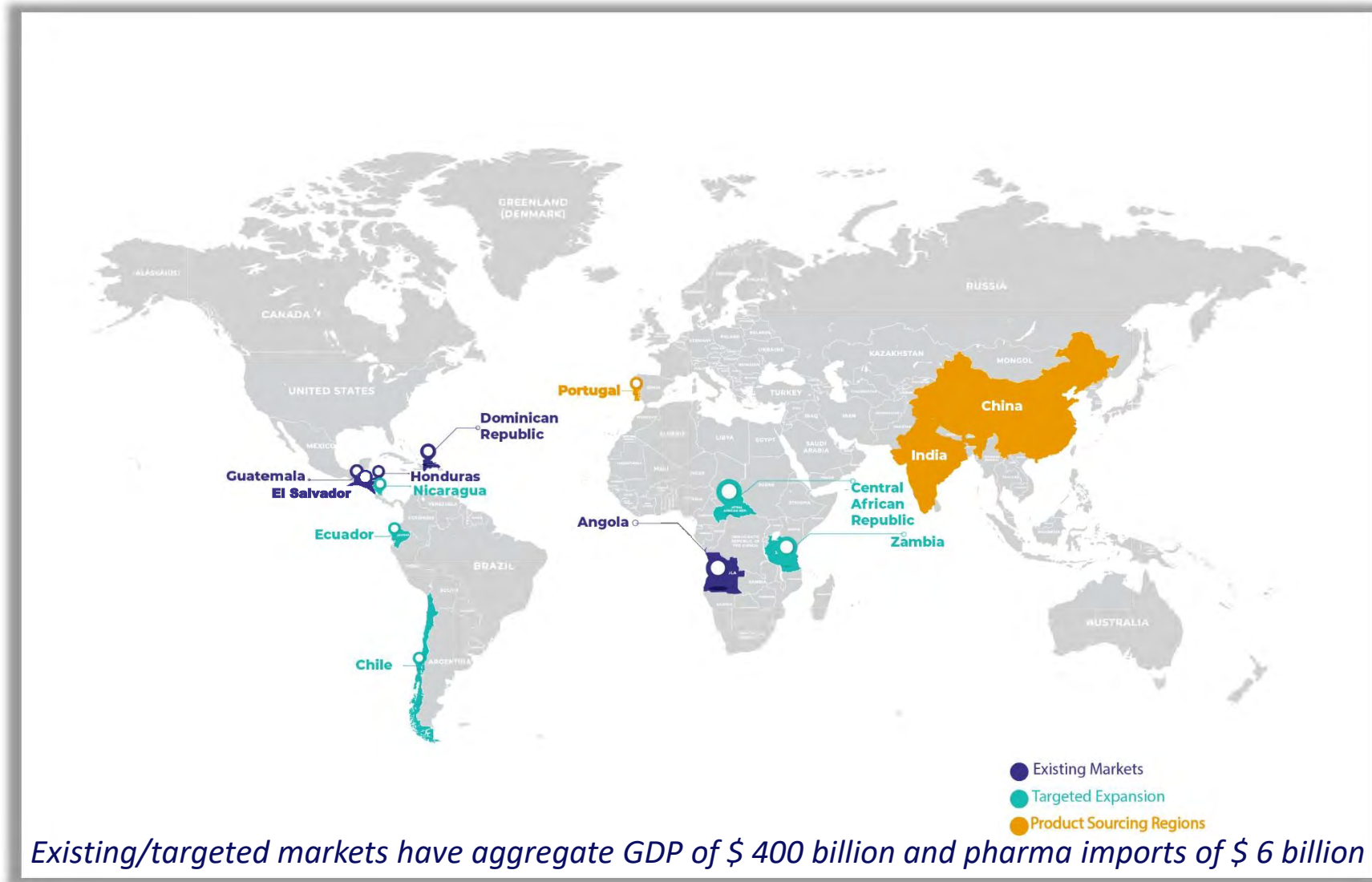
Strong control over manufacturing ecosystem

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

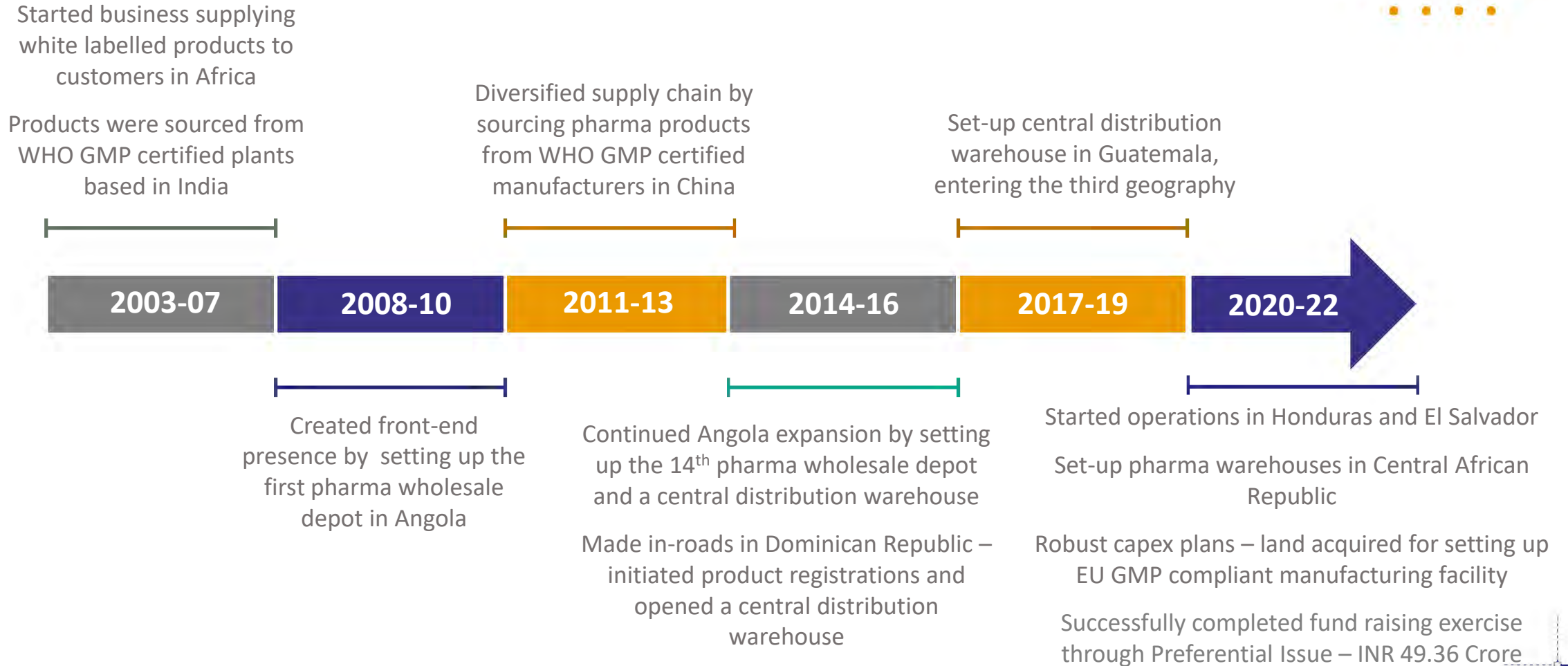
Opens up several new market opportunities globally

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.

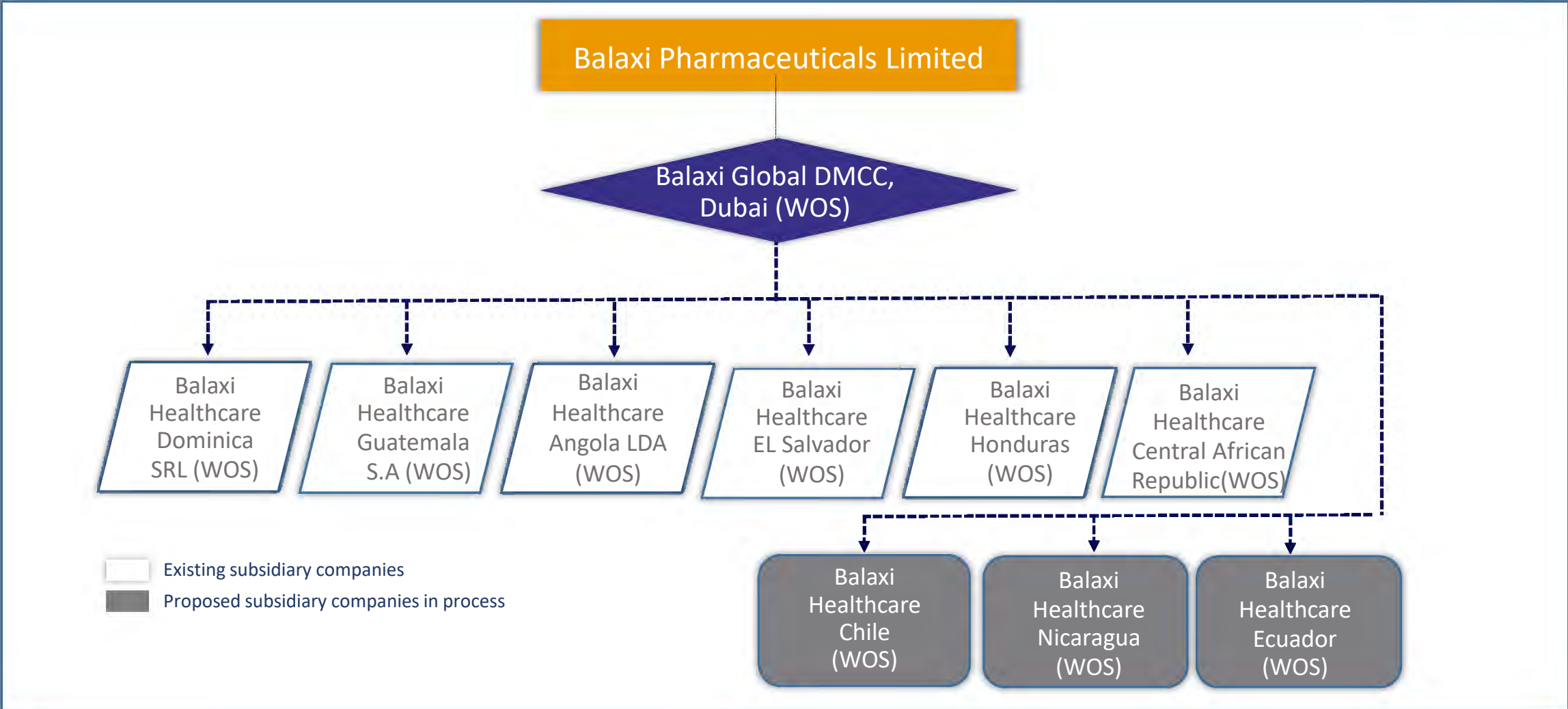
Global Footprint



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

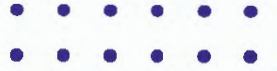
Independent Director
MBA from Asian Inst of Mgt, Manila; PGD from IIM-A, Cornell, Kansas State University
Ex-CEO, Cereals System Initiative for S Asia promoted by Bill & Melinda Gates Foundation



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



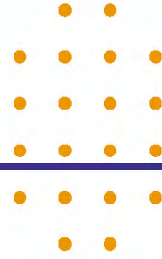
Paridhi Maheshwari

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

“

FINANCIAL HIGHLIGHTS



Management's Comments

"Q2 was another strong growth quarter for Balaxi and the momentum of expansion is maintained. Going forward, we see several levers that will potentially add value to the operations over the next several years – geographical expansion into new frontier markets, leverage of existing competencies to gain scale in additional geographies, deep market penetration in previously launched operations and a very strong pipeline of product registrations and regulatory submissions across the board. Moreover, following the successful preferential issue of ~ Rs. 50 crore, we are well-positioned to commission our EU GMP manufacturing facility by March 2024. Driving this initiative forward, we completed land acquisition previously, a leading consultant has been appointed for project execution and the ground breaking ceremony is scheduled on December 12, 2022.

Overall, we believe that our experience of successfully creating profitable operations in markets that are in similar phases of economic evolution is a substantial asset that will create long-term, sustainable value for all our stakeholders."

 **23%**
Revenues

 **88%**
Gross Profit

 **5%**
EBITDA

 **28%**
Profit After Tax

46%
Return on Equity

Debt Free



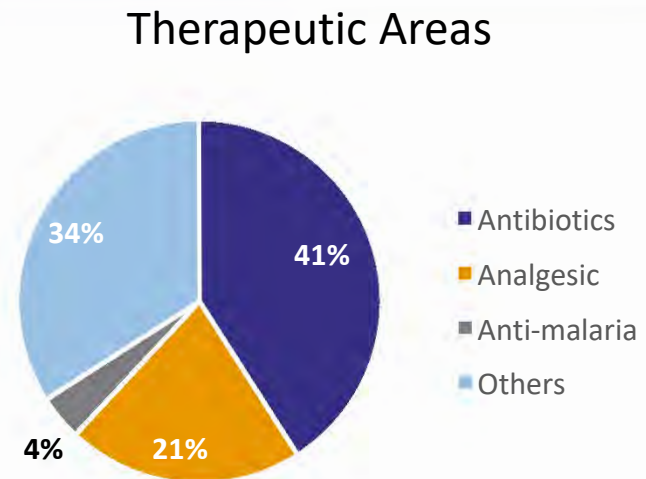
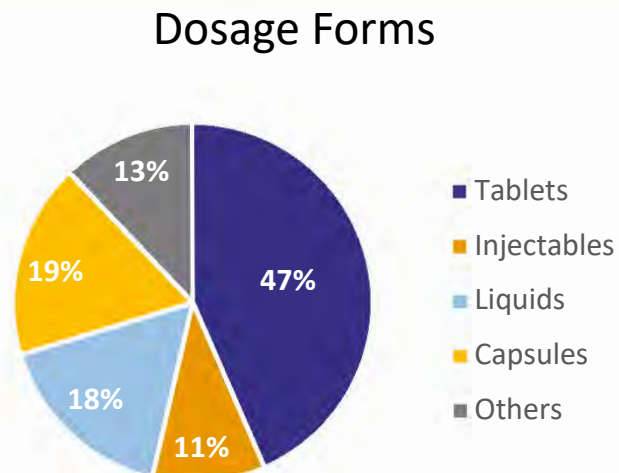
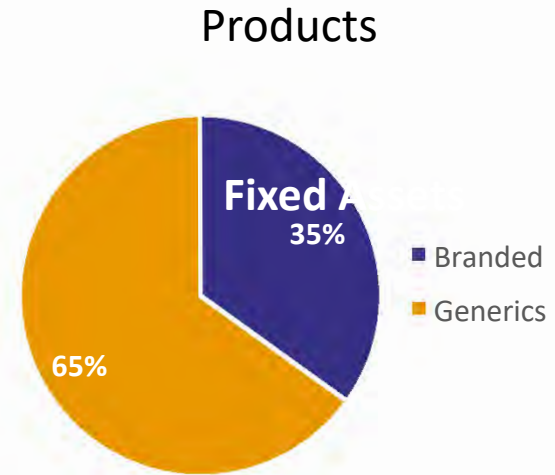
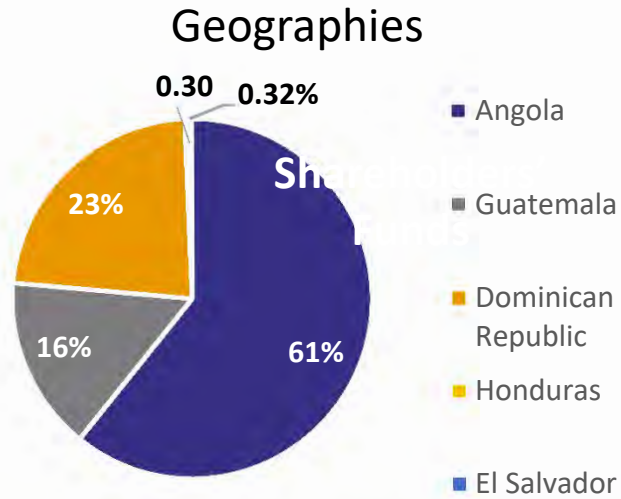
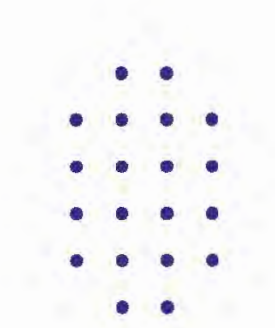
Ashish Maheshwari
Chairman & Managing Director

Quarterly Financial Performance

Particulars <i>(INR Crore)</i>	Q2FY23	Q2FY22	YoY
Revenue	86.38	70.23	+23.0%
Gross Profit	36.05	19.16	+88.1%
<i>Gross Margin %</i>	41.7%	27.3%	1,440 bps
EBITDA	14.75	14.03	+5.2%
<i>EBITDA Margin %</i>	17.1%	20.0%	(290) Bps
Profit After Tax	15.49	12.05	+28.5%
<i>PAT Margin %</i>	17.9%	17.2%	76 bps
Earnings Per Share (INR)	15.49	12.05	+28.5%

Financial Results for Q2 FY23 are not strictly comparable with Q2 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 – Q2 FY23



Quarterly Performance Commentary



Revenue

- Robust revenue growth of 23.0% YoY during Q2FY23 period was led by the Pharmaceuticals business. In this segment, Latin America contributed significantly with 29% growth. Previously launched geographies of Dominican Republic and Guatemala delivered strong expansion whereas Honduras and El Salvador have also initiated business operations and hold immense long-term business potential. In addition, other countries in the region are being lined up for upcoming expansion. In Africa, established operations in Angola resumed growth within the ecosystem of previously registered products, with the Central African Republic that is likely to start contributing from Q4 FY23.

EBITDA

- During this quarter, EBITDA was higher by 5.2% despite absorbing higher cost structures in several recently launched operations in countries that are likely to scale up to potential over the next few years. EBITDA declined marginally by 290 bps to 17.1% in Q2 – however, the outlook of margin expansion in most frontier markets targeted by Balaxi remains encouraging.

Profit After Tax and EPS

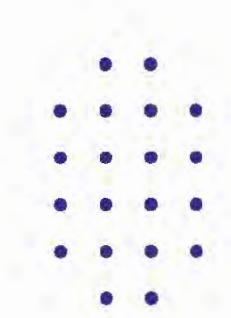
- Profit After Tax: Profit After Tax grew by 28.5% YoY in Q2FY23, despite lower margins. Earnings per Share (EPS) for the quarter was recorded at Rs. 15.49 compared to Rs. 12.05 in the corresponding quarter last year.

Historical Financial Performance

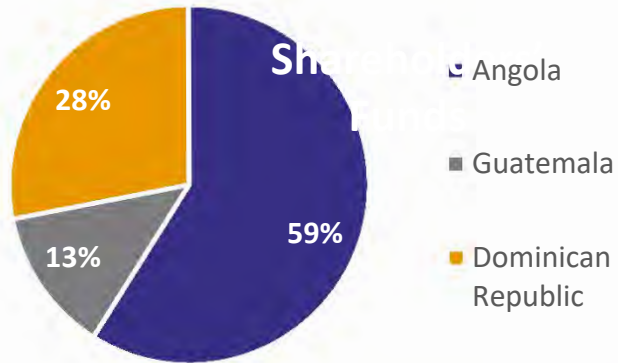
Particulars <i>(INR Crore)</i>	FY22	FY21	YoY
Revenue	279.39	231.33	+20.8%
Gross Profit	83.79	59.19	+41.6%
<i>Gross Margin %</i>	30.0%	25.6%	+440 bps
EBITDA	55.18	44.64	+23.6%
<i>EBITDA Margin %</i>	19.7%	19.3%	+45 bps
Profit After Tax	47.66	38.14	+25.0%
<i>PAT Margin %</i>	17.1%	16.5%	+60 bps
Earnings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



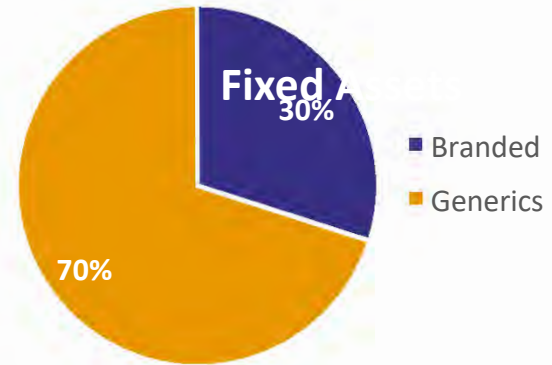
Pharma Product Mix – FY22



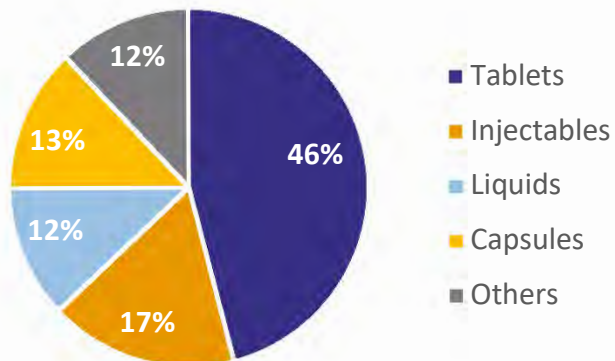
Geographies



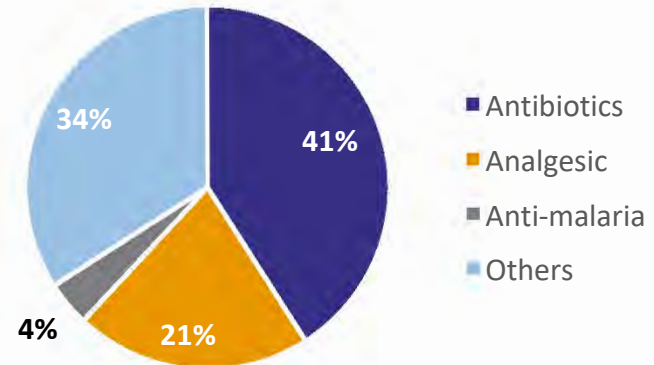
Products



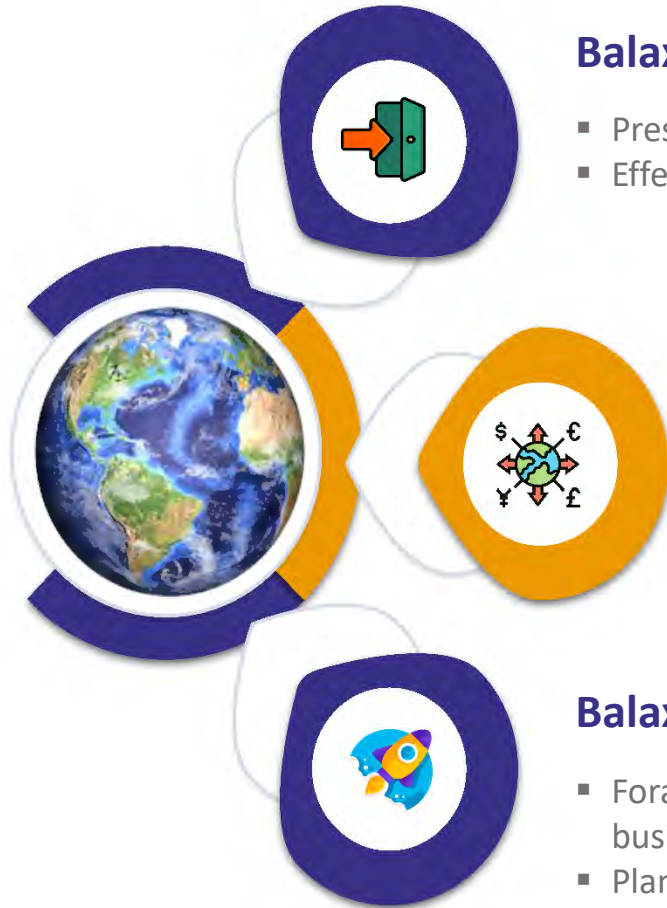
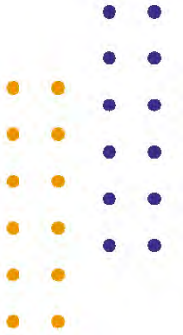
Dosage Forms



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

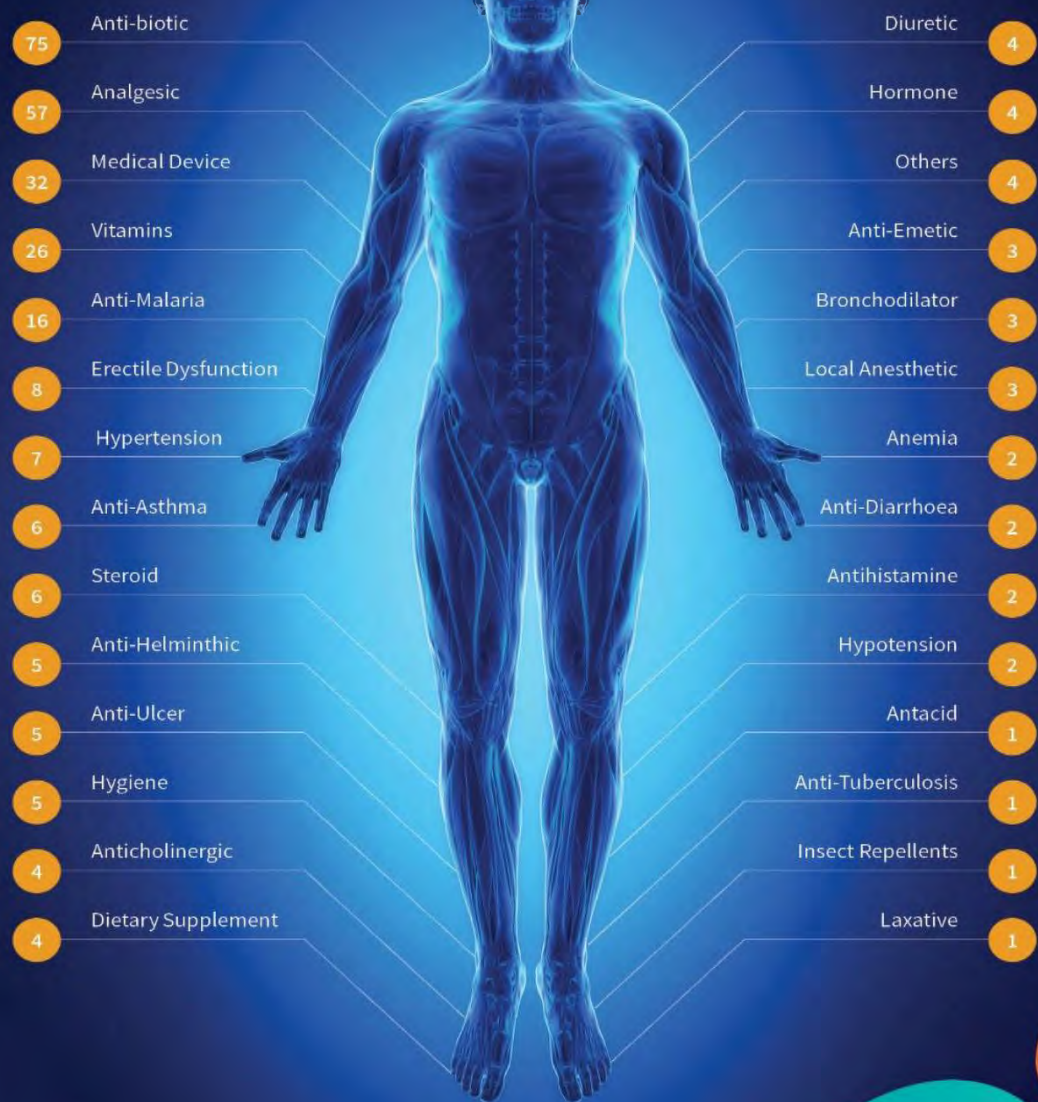
Balaxi in 2021-22: Expansion into New Geographies

- 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



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



Mr. Sunny Purohit



+91-40-2355-5300




sunny@balaxi.com



www.balaxipharma.in

 NSE BALAXI

 Bloomberg BALAXI:IN

Thank You