

Balaxi Pharmaceuticals Limited

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

2nd February, 2021

Stock Code: **BALAXI**

Sub: Q3 and 9M FY 21 Earnings Call Transcript
Ref.: Q3 and 9M FY21 Earnings Call - FY 2020-21 held on 22nd January 2021

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q3 and 9M FY21 earnings conference call held on 22nd January, 2021. The transcript is also available on the Company's website at www.balaxipharma.in

Yours Faithfully

For **Balaxi Pharmaceuticals Limited**

C. Shalini

Chinta Shalini
Company Secretary



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(Formerly known as Balaxi Ventures Limited)



“Balaxi Pharmaceuticals Limited Q3 FY21 Results
Conference Call”

January 22, 2021



DICKENSON



**MANAGEMENT: MR. ASHISH MAHESHWARI – CHAIRMAN & MANAGING
DIRECTOR, BALAXI PHARMACEUTICALS LIMITED**

MODERATOR: MR. AAKASH MEHTA – DICKENSON

Moderator: Ladies and gentlemen; Good day and welcome to the Balaxi Pharmaceuticals Limited Q3 & Nine Months FY'21 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aakash Mehta. Thank you and over to you sir.

Aakash Mehta: Thank you. Good evening, everyone. I welcome you all to the Q3 & Nine Months FY'21 Earnings Call of Balaxi Pharmaceuticals Limited.

We have with us Mr. Ashish Maheshwari, the Chairman and Managing Director from the company.

The discussion today may include some forward-looking statements and must be reviewed or considered in conjunction with the risk in the industry in general and our business. Now I hand over the call to Mr. Ashish Maheshwari for his opening remark. Over to you sir.

Ashish Maheshwari: Good evening, everyone. On behalf of Balaxi Pharmaceuticals, I extend a warm welcome to everyone to this earnings conference call for discussing overall performance in the quarter and the nine months ended 31st December '20. This is our maiden earnings call and hence marks a special beginning for us. We have issued a detailed "Press Release", "Investor Presentation" for the quarter. Hopefully all of you had a chance to review it.

At the outset I hope that all your loved ones are healthy and doing well in these unprecedented times.

I would first like to give a brief overview of the company, followed by the review on the financial performance during the quarter and the nine months ended 31st December '20. After this, we shall take questions from the participants.

Balaxi Pharmaceuticals Limited is a branded IPR-based pharmaceutical player, focusing on frontier markets with a fast and growing portfolio of prescription and OTC drugs across multiple therapeutic segments. The company is engaged in supplying branded generic and generic medicines through its own well-built distribution network across Angola, Guatemala, Dominican Republic. These products are procured from WHO GMP-certified contract manufacturers based in India, China, and Portugal.

Balaxi is also present in the branded consumer products business and ancillary business which is builders' hardware in Angola which complements existing pharmaceutical business in that country. These businesses leverage our well-established on-ground infrastructure and relationships in Angola. The pharmaceuticals business as of now comprises of 548 product registrations across Angola, Guatemala and Dominican Republic, Honduras, and El Salvador. The company follows a distinct and a unique produce, stock and sell model where the pharmaceuticals products are contract manufactured through selected WHO GMP-certified

plants and so also a robust ongoing infrastructure for different warehouses and our own fleet of delivery vehicles. We aim to further strengthen our market share in the existing geographies of Angola, Guatemala and Dominican Republic and poised to expand in Honduras, El Salvador, Nicaragua and Central African Republic. The company's ancillary business consists of builders' hardware products in Angola. Balaxi offers basket of products under its portfolio comprising of over 300 SKUs, covering a wide range of product categories such as construction tools, agricultural tools, sanitaryware, etc., The products are sourced from India and China and sold under the brand name Balaxi. Balaxi is well-entrenched in Angola and operates across all 16 districts of the country through well-built infrastructure of 15 warehouses for this vertical and a fleet of vehicles to augment last mile delivery. The company has also established itself in the branded products business by selling a wide variety of Biscuits and Pasta across the country in Angola. Balaxi has a couple of warehouses and have delivery vans to supply goods under this vehicle, to distributors, supermarkets, and general stores. We sell Biscuits under our own brand name "YAP." We also launched Toothpaste under our own brand name, which is Boadent®. And we plan to add other products like Disinfectants, Hand Sanitizers, etc.,

Coming to the "Financial Performance", the company recorded revenue of Rs.178 crores in nine months ended December 2020. EBITDA came in at Rs.30.9 crores. EBITDA margin was 17.3%. And the profit after tax was Rs.29.8 crores. PAT margin stands at around 16.7%.

"Segmental Performance." Revenue from pharmaceuticals business stood at Rs.105 crores for the nine months of FY'21. Sales mix of branded generics for Q3 FY'21 was 28:72; 28% was branded and generics was 72% which is a slight improvement because overall H1 FY'21 was 24:76.

We are focused on growing our branded generics share of our overall pharma sales. The pharmaceuticals business contributes around 59% of total revenue and 68% of our total EBITDA. Our branded consumer products business rebounded after COVID impacted Q2 of FY'21. This segment reported increase of 114% quarter-on-quarter in revenue and 175% quarter-on-quarter growth in profit after taxes. We have added several products under our branded vertical such as sanitizers, disinfectants, and a few products in the confectionary vertical. For Q3 FY'21, sanitizer accounts for nearly 3% revenue for this vertical. Our ancillary business witnessed increase in revenue to Rs.22.2 crores in Q3 FY'21 versus Rs.17.7 crores in Q2 FY'21, registering a growth of 25%.

In terms of geographic bifurcation, Angola contributed 81% of the overall pharmaceutical revenues, followed by Dominican Republic at 13% and Guatemala at 6% during the third quarter FY'21.

If you look at the same thing for nine months under December 31st, the breakup was for Angola was 78%, Dominican Republic was 16% and Guatemala was at 6%.

In terms of the outlook for the future, the company presently has 548 pharmaceutical product registrations and 582 product registrations across various geographies are in the pipeline, the approvals for which are expected in this calendar year, slowly over the next few months. We can develop product resources over the next two years. Balaxi is well positioned to capture incremental market share in existing geographies and expanding into other target territories. The company aims to foray into other Latin American countries, CIS markets, and establishing at least 20 frontier markets for the next five to six years.

I would like to thank you very much for your attention and now the floor is open for questions and answers.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Devendra Pandey from DP Financial Advisory Services. Please go ahead.

Devendra Pandey: My first question is on our recent product launch of sanitizers. So how many more products are we intending to launch by the end of this financial year and I assume that this product would be the bulk product, so the EBITDA margins for this product would be lesser than our other products or is it at par with the other products?

Ashish Maheshwari: So you are coming to the FMCG segment. So your first question was what the more products are we are going to launch in this financial year in this segment. In this financial year, I don't think we are going to launch more products. We already have Biscuits, we have Wafers which comes under confectionery, we have Sanitizers, and we have Disinfectants and we have a Toothpaste. There are five products we are doing in the FMCG segment. Of course, within Biscuits we are doing eight different kinds of biscuits. One product we're going to launch in this financial year is Tomato Ketchup and Mayonnaise which will be in addition to our FMCG basket what we already have. Coming to your second question of what the gross margins on sanitizers are, is it better or lesser than other products. The margins on sanitizers when we started off earlier were very high, but now they have come to little more than normal marginal FMCG products but yes overall the FMCG products, the margins today of biscuits give us a lot of volume with low margin and visibility. Wafers and Ketchup are better margin products, but the volumes are low. And toothpaste segment which we have been very successful where we are seeing good sales every month, but the margin also there is in between the margins of biscuits and wafers. So the FMCG segment, sanitizer does not have the highest margin and the margins across all our segments are between 12-13% to around 20-23% based on the product.

Devendra Pandey: My second question is on our working capital cycle. Can you give us some light on each segment of our working capital cycle, that is inventory, receivables, and payable days?

Ashish Maheshwari: Basically, Guatemala and Dominican Republic, these two countries are our wholly owned subsidiaries. So when there are wholly owned subsidiaries, the debtors are counted from the day the sale is made from the warehouse of that country. So, supposing goods are shipped from India

or China it takes around 80 days for the goods to reach these two geographies: Guatemala and Angola. And at any point of time, we must maintain stocks within the warehouse which we generally maintain equal to around two months of sales. So, if you add that 80 plus 60 is 140 days of inventory and then when a sale is made let us say in Guatemala, the credit period is around 60-days which has slightly gone up in Q3 because of the Christmas holidays but general credit period is 60 to 65 days in Dominican Republic and Guatemala. So 140 plus 60 it's around 200 days of turnaround. So from these 200 days generally we're able to manage it around 180 to 185 days. We get credit of approximately 40 to 45 days because outside China, suppliers offer credit for 90-days to 100-days but from China we are not able to get more than 15 or 20 days. So, the overall credit period that we have is around 40 to 45 days. 140 days is the working capital that we need to run our business. So on a thumb rule we calculate that we need 40% of working capital for 100% of our turnover, let's say if we want to increase our turnover by Rs.100 crores, we need a working capital of Rs.40 crores. Now for Angola, it works slightly different because Angola is not our wholly owned subsidiary. Angola is an associate company where we hold 49% of the equity. So we bill it to Angola and in Angola, the working capital cycle period is the same i.e. 180 to 190 days but because in Angola, the company has an equity and reserves of its own and has taken some bank loans, Angola pays the money back to us in around 116-days. Cycle time of 40% is required.

Devendra Pandey:

My last question would be on our strategy front. So in your presentation I can see that the revenue mix for your pharmaceutical is around 60% for nine months and around 10% is the branded consumer products and rest is the ancillary. So given our expertise in pharmaceuticals, what is our long-term goal for our revenue mix probably three to five years down the line?

Ashish Maheshwari:

Excellent question. Now, you must understand that we are basically a pharmaceutical company. Because we are so strong in Angola with our distribution expertise and on-ground infrastructure, the Balaxi Group had introduced the ancillary business. So this hardware business was introduced as a bolt-on business just to cash in on our infrastructure. The branded consumer product business was also introduced in Angola because we have a strong brand presence in Angola... (Balaxi as a brand) and Angola is the second highest importer of biscuits from India. So it was an opportunity which we thought we should capitalize on, we are being present in that geography of Angola. Going forward, our total concentration is only on pharmaceuticals. Now we do not have these businesses in Dominican Republic or Guatemala, neither are we trying plan to do this business in other geographies of El Salvador, Honduras, Nicaragua, or Central African Republic. Everywhere, we are going only for our pharmaceuticals product registrations and we're concentrating only on our pharma sales. So three to five years from now I see more than 80% to 85%. And the ancillary hardware business has saturated already in Angola more or less, but sometimes we see spikes of 10%, 20% but on overall financial year level it is a bit saturated, we won't have much place to grow there, it will grow at a normal percentage. So in three years from now, I see 80% coming in from our pharma business only. From Central America, the total growth will be from pharma only.

Moderator: Thank you. The next question is from the line of Aditi Sawant from AIF Investments. Please go ahead.

Aditi Sawant: My question is regarding the product registration. As the product registrations are constant currently at 548, so when do you expect it to increase, I mean, by number if you can tell me the exact number by the end of FY'21?

Ashish Maheshwari: Yes, we have not seen the increase of product registrations in third quarter because in the first two quarters of this year all ministers of health in all countries were impacted by COVID work. So, works were not going on very quickly in the product registration departments. But now since January reopening of all offices on January 4th this year, we are seeing a good movement in that. In fact in this Q4, we are expecting at least 40 product registrations to come up in this quarter and more in the next quarter.

Moderator: Thank you. The next question is from the line of Sachin Shetty, an individual investor. Please go ahead.

Sachin Shetty: I have some couple of questions. So the company has 548 pharmaceutical products, registration spanning across five countries and another 582 product registrations in the pipeline. So in this case I must add all this 548 plus 582, can I say it is 1,100 products, what exactly sir?

Ashish Maheshwari: What it means is that 548 product registrations we already have, and we are already doing business with the registrations in these products. When I say 580 products, the pipeline, it means more applications for 580 products have been filed or in the process of being filed. So we are doing it bit-by-bit, like Central African Republic, 175 products, in Guatemala we have 65 now, we'll go up to 149-150 products, in El Salvador, I hardly have 12, now we are going up. So we are ramping up these processes. As and when we receive product registrations, new products will enter the market which will be contributing of growth in revenues. Like this quarter I'm expecting on 40 product registrations. More to come in 40-45 from Central America. Supposing I get let's say 12 product registrations in the month of January, by the time I ship out these goods it will be end of March and by the time the goods reach the grounds there, it will be end of May. So if I get a product registration in January, the goods will be available for sale in the market in June, it's a five month to six-month gestation in the first time and then it comes normally. So as and when I get more registrations, every six months from the month we get registrations we'll see higher and higher revenue from those products. Then you can ask me that when will we have this 1,000 products registered all with us because there's a pipeline of 580 products. So we are expecting this pipeline to be completely fully registered by the end of FY'22. By January '22 to March '22 I am expecting all 580 products to be completed. Does not mean that they will come only at that time. We expect 40 in this quarter, we may expect 80 in the next quarter, we may expect 125, 150 in next quarter, something like that.

Sachin Shetty: These 40 products in pipeline, what are the revenue potential in terms of percentage,?

Ashish Maheshwari: Because in my mind, my figures are in each country, right.

Sachin Shetty: My next question is on EBITDA margin Is sustainable in near couple of quarters as you are facing some challenges?

Ashish Maheshwari: No, as the percentage of pharma goes up in a revenue mix, this will go up and there are absolutely no challenges in maintaining this GP ratio, it will only go up because one experience that this management has in these geographies over the last more than 17-years is once you have a range of products on the ground in your warehouses, then margins are never an issue, these margins are sustainable margins and they would go on.

Sachin Shetty: And for the FMCG business there should be some volume required. So is there any volume is created in the Angola or what exactly sir?

Ashish Maheshwari: See, we were supposed to be taking off in our FMCG business sometime in April last year. But then COVID affected us, because the schools were closed, malls were closed entertainment areas got closed, our biscuit sales took a hit, we didn't get the sales that we wanted, that was our first FMCG biscuit product. So it is now increasing, we are seeing improvement in it from October and from January we are going to see constant FMCG sales. The sales are fluctuating in the last six months but now we will see constant sales. And our toothpaste which was launched sometime during the COVID times has took off very well. So yeah, FMCG we'll be showing growth quarter-on-quarter in volumes.

Sachin Shetty: My next question is what is our understanding with contract manufacturing sources like contract manufacturing plants in India and Portugal? I haven't seen any contract agreement within your annual report. That's why I am asking this question sir.

Ashish Maheshwari: No-no, we have contract manufacturing agreements with all people that we work with. Contract manufacturing agreements are to be submitted to all regulatory departments also in those countries. Our contract manufacturing says very clearly that on the registration certificate generally the name of the supporting manufacturer is there. This manufacturer cannot go to that country with his products based on our registration because we are the license holders.

Sachin Shetty: For how many years sir?

Ashish Maheshwari: They give it for three years and it is renewed every three years. So we are the license holders for the product. The second time of registration what we do is and all our suppliers are very old suppliers, we have relationships with them for more than 10-years, These licenses is there for a period of three years generally and they get auto renewed, just some particular papers we have to get and renew it. And in case the situation has changed whether a particular vendor will not be able to supply a particular product, then we go for an alternate manufacturing registration also which is an easier process.

Sachin Shetty: But that company is not entertained to register in your products like Balaxi?

Ashish Maheshwari: No, the product registration is like a license. Balaxi is the holder of the license. He cannot sell in that market.

Sachin Shetty: What about the GMP audit sir they are facing on behalf of Balaxi?

Ashish Maheshwari: On behalf of Balaxi, we have a senior consultant team who visits our factories. We have a system of that each of our vendor must be visited at least once in nine months is our policy. At the same time, we keep a track of all the WHO GMP certificates and see to it that whenever they are expiring that they are being applied for and they have been renewed duly on-time. But from our side we have a team of consultants who visit and give an independent report to us, they are not our employees, they give us an independent report on the GMP compliances of those factories, once in nine months we go.

Sachin Shetty: Our competitor Shalina Pharma is also in the same business, but they do have their own manufacturing units. So, they are not dependent on some Indian or Portugal. In this case we are totally 100% dependent on others. So is there any plan for manufacturing units?

Ashish Maheshwari: Because you're mentioning, I would like to tell you that Shalina has only one unit in Mumbai. 80% to 85% of all these goods are outsourced because in the pharmaceutical line of business, there are different dosage forms in formulations like we did in nine different finished dosage forms, so tablet is one dosage form, capsule is one dosage form, insulin is one dosage form, injectable is one dosage form. So it is not possible for a player to have a factory for all the dosage forms, nobody does it in pharmaceuticals. Outsourcing is a way of life. It must happen. And then we detail so many therapeutic segments which are all kind of therapeutic segments. So it is not possible for any company to have manufacturing for all these kind of products, I cannot manufacture 300 products putting up one factory which will be so huge, the CAPEX will not justify my return. And then secondly, we have found in the last 19 years I'm in this business since 2002 I've never found dearth of capacity for manufacturing in India or China or Portugal. We are not dealing in any critical care products which can mean short supply or some newly discovered molecules, no, we are in products which have been there for several years. That is how our range is on 250 products. So for these kind of products there is enough capacity available across India, across China. The day we find we are not able to source, that day we are going to set up a plant, plant is not a big issue to set up for pharmaceuticals, it takes less than one year to set up a plant.

Sachin Shetty: Has there any plan for inorganic growth in near future like brand acquisition since company posted a very good profit and Balaxi brand itself is a very good in company?

Ashish Maheshwari: Inorganic growth is something that is somewhere there at the back of our minds right now, but it depends on the availability of sufficient capital for acquisitions.

Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: I have a few questions; first one is a clarification, you said Angola working capital cycle, the dynamics are different, that I understood. And then you mentioned 116 days. Did you say 160 or 116?

Ashish Maheshwari: 116-days.

Agastya Dave: Second sir, these 580 odd new registrations, what's the potential size of these registrations, because obviously these are new geographies and how big are they compared to your existing?

Ashish Maheshwari: I can give you a generic answer to this that once I say 580 products, my general thumb rule is that I'll be able to get at least anything between \$3,000 dollars per product per month. Even if I do \$2,500 per product per month into 580 into 12, it gives me an upside anything between \$17 and \$20 million . This is a very conservative number I'm telling you. we can do more...

Agastya Dave: It's a very useful metrics that you have shared. And in these new geographies, how do you strategically look at them because Angola I believe would be the largest country still after you have done your geographical expansion. So individual markets when you target a new market say I am just speaking you are moving into let's say Sri Lanka hypothetically. Why are you targeting Sri Lanka, what makes a particular market attractive for you, what do you consider and because these are new geographies you have mentioned that Angola is a special case for you because you have great strength in the distribution network, so when you enter these new geographies, why are you entering these new geographies?

Ashish Maheshwari: When I say Angola, I have the distribution network and it's because of the number of years that I already spent in Angola and we have repeated that model to a certain extent and we hope to create that model in all Central American countries. Coming to your second question, how do we identify our markets? We have our own process of identifying the market where we see the GDP per capita of a particular country where we see that are non-English speaking countries; we don't like to go to English-speaking countries because we face a lot of competition from India itself, so we see that they're non-English speaking countries, we see countries with ideal per capita but inequality in the distribution of income. If you look at Angola, Angola is the \$4,500 GDP per capita country. To give you a context, India is \$2,000 GDP per capital country, but we identify such countries where the GDP per capita is high but the inequality of income is very high also. So, these are the markets which want middle level products like our products. I call my products middle-level products because at the top end of the level you have the MNC products and then we are there and then at the lower-end are products which are made by locally by very small local manufacturers, no adherence to quality standards. So, we ourselves are in the middle-level of this and we find that our strategy has been quite successful in this way because we stave off competition from India. And another great one of my theories is that when you enter the market with at least 150 products, so I place myself as a long-term player and a big player and I get response from retailers very soon. The strategy has always worked.

- Agastya Dave:** It makes sense also. You have the entire basket. On the distribution side and on the branded generics side, exactly what kind of presence do you have on the ground when you are going for branded generics, is the strategy similar to what we see Indian players doing in US or Indian players doing in India or is it something completely different because these markets are so different?
- Ashish Maheshwari:** It depends on the country like in Central America, let's say Guatemala, we introduced branded products and there's a certain stepwise thing to do branded products there, which are not as fancy as you see in India or the US, they are simpler, they are more like flyers and banners in the retail stores, some balloons, some merchandise and then doctors educate them. The doctor visits don't work as if they like the brand itself, but there are some doctors who educate them and some attractive stickers and all over the retail stores, very attractive packing, that's how we develop a brand, it's not on television or hoardings or anything, but within the retail store we try to make some presents, buy a shelf, put our spare thing there, buy merchandise, give it to people to wear it, something like that.
- Agastya Dave:** What are the costs that you incur generally on these registrations?
- Ashish Maheshwari:** That is something that I wouldn't want to divulge on the call.
- Agastya Dave:** In terms of the accounting policy, do you capitalize these costs ?
- Ashish Maheshwari:** We don't.
- Agastya Dave:** And the nature of the cash outflow for registration, is it in annual fees that you pay or it's a one-time upfront number?
- Ashish Maheshwari:** One-time upfront cost.
- Agastya Dave:** In terms of CAPEX, would you be spending a lot of like some money for your warehouses going forward, could you quantify that?
- Ashish Maheshwari:** No, our warehouses are leased. We don't own any properties outside of India. We totally refrains from CAPEX. We use our money for working capital.
- Agastya Dave:** The new batch of registrations, you said that next quarter you will get 40 and then they will keep on ramping up. So to reach the full potential revenue from these which is of registrations....?
- Ashish Maheshwari:** Will be the full potential.
- Agastya Dave:** But generally, if we get a registration today, how long does it take to ramp up?
- Ashish Maheshwari:** Six months after we get the registration.

- Agastya Dave:** How long is the pre-registration process?
- Ashish Maheshwari:** 12 to 15 months after dossier is submitted in the Ministry of Health in that country and it takes about three months to four months for our regulatory department to make a particular dossier.
- Moderator:** Thank you. The next question is from the line of Ashok Agrawal, an individual investor. Please go ahead.
- Ashok Agrawal:** What is the impact of foreign currency movements let us say dollar appreciation or depreciation over a period, how we safeguard and how we safeguard because it is totally a trading business actually?
- Ashish Maheshwari:** That's a good question. There are dollar fluctuations in these countries and on average dollar fluctuations are around 10% to 12% to 13% in a full year. So whenever the global currency depreciates and dollar appreciates, we raise our prices to an extent which is totally acceptable in these markets. So for whatever we have stocks on the ground, we don't lose any money because prices are raised to that extent. In our SAP system, we define the prices in dollars, and we define the exchange rate in a SAP system. So suppose the dollar goes up from let's say 55 today to 58 tomorrow, we change the dollar rate in SAP system from 55 to 58 and all our selling prices get revised. So, because selling prices get revised, we don't lose any GP because of the differences in the dollar. As for money that is there in the bank in the local currency and the receivables, that is where we lose some money. So that we try to move the money as fast as possible from these banks and we try to keep our receivables, there we have a certain amount of this thing in the dollar, but many a times we make a lot of money on dollar on the Indian rupee. So generally we feel from our experience in the last so many years that around 5% to 6% of our gross income, we generally lose on dollar depreciations and that is the reason you see my negative other income sometimes, other income is nothing but the currency fluctuation.
- Ashok Agrawal:** Basically, whatever is the inventory which has already reached those countries let us say, it is safeguarded by this mechanism that the retail prices will be adjusted as the local currency moves up or down?
- Ashish Maheshwari:** Yes.
- Moderator:** Thank you. Our next question is a follow-up from the line of Devendra Pandey from DP Financial Advisory Services. Please go ahead.
- Devendra Pandey:** Sir, I have a follow-up question on our strategy. So if I'm not mistaken our revenue from Angola is around 80%, right?
- Ashish Maheshwari:** Yes.
- Devendra Pandey:** But when I look at the slide where you are given the economic data, so whatever the economic parameter I look at in terms of credit rating, inflation, GDP growth rate, so in any economic data

term Angola is the laggard where you are present but even after that bulk of our revenue comes from Angola. I just want to understand what is the reason and are we trying to reduce that going forward?

Ashish Maheshwari: Generally data shows the economic spring of a country in one way. Now if you look at Angola that way Angola is a country with a population of just 2.5 crores people, which is oftenthe population of one city in India. But on the ground the situation is different, there is a demand/supply gap in import dependent countries. This demand/supply gap in pharmaceuticals, that is the reason why we can get very good healthy margins from these countries. On the other hand if you look at the GDP per capita of Angola, it is \$4,500 per capita which shows there is a great purchasing power in Angola. So though statistics tell one story on paper, on the ground it is a bit different. Having said that why are we so big in Angola is because we have been working there for the last 12 years from 2008. Going forward, Central America is our focus where there are six countries, we are working in four right now, Dominican Republic, Guatemala, El Salvador, Honduras, Nicaragua these are the countries where you have to work and expand in next two, three years and there's another country in Africa called Central African Republic where we're expanding. So going forward we are not looking that Angola is going to give us so much of a percentage of revenue though the volume may be the same, the percentage of the revenues will drastically go down from Angola, it could be in the range of 33% itself in three to four years.

Devendra Pandey: As you said that the revenue contribution from Angola will come down to 30%, 35% from current 80%, so which country will occupy this pie?

Ashish Maheshwari: In Central America, four countries, in one row if you look at the world map, Guatemala, Honduras, El Salvador, Nicaragua, these are the four countries which will give us the chunk of business which will bring the Angola by a very drastic margin.

Moderator: Thank you very much. As there are no further questions I now hand the conference over to Mr. Maheshwari for closing remarks. Over to you, sir.

Ashish Maheshwari: I would like to thank everyone for joining us on this earnings call for third quarter and nine months ending FY'21. We hope to see you all again in the next conference call and I think that in the next conference call we will be in a much better situation than what we are now with the vaccines coming in. Please stay healthy and stay safe. Thank you, all.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Balaxi Pharmaceuticals Limited, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.