

Fermenta Biotech Limited (formerly known as DIL Limited)

CIN: L99999MH1951PLC008485

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Ref: F.No.:49/2019-20

November 18, 2019

**Corporate Relations
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001**

Dear Sir,

Sub.: Intimation of Investor Presentation for November 2019

Ref: Scrip Code: 506414

Further to our intimation dated November 13, 2019 regarding approval of Unaudited Financial Results (Standalone and Consolidated) by the Board of Directors for the quarter and half year ended September 30, 2019, we hereby enclose a copy of Investor Presentation for November 2019.

The said Investor Presentation is also available on Company's website www.dil.net

Kindly take the same on records.

Thanking you,

Yours faithfully,
for **FERMENTA BIOTECH LIMITED**

Srikant N Sharma

Company Secretary

CS Membership No: F3617

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Project Heart (*DIL*)

Fermenting for Better Future

FERMENTA BIOTECH LIMITED

13th November 2019



Safe Harbour

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- Key risks
- Vision

Financial Updates – H1FY20



Standalone Financials have been restated post the merger of FBL with DIL

*Includes Other Income

^ PAT before share of profit / loss from associates & JV's and Minority Interest



Financial Updates – H1FY20

Business Update

- Reduction in long term high interest-bearing debt by Rs 57 crores
- Recognition of Deferred Tax Asset of Rs 16.03 crores
- Correction in Vitamin D3 animal feed prices
- Outbreak of African Swine Fever in several Asian countries effected consumption and led to reduction in animal feed prices
- Technical issue faced by one of our largest Vitamin D3 customer at their production facility, continuous to impact revenue

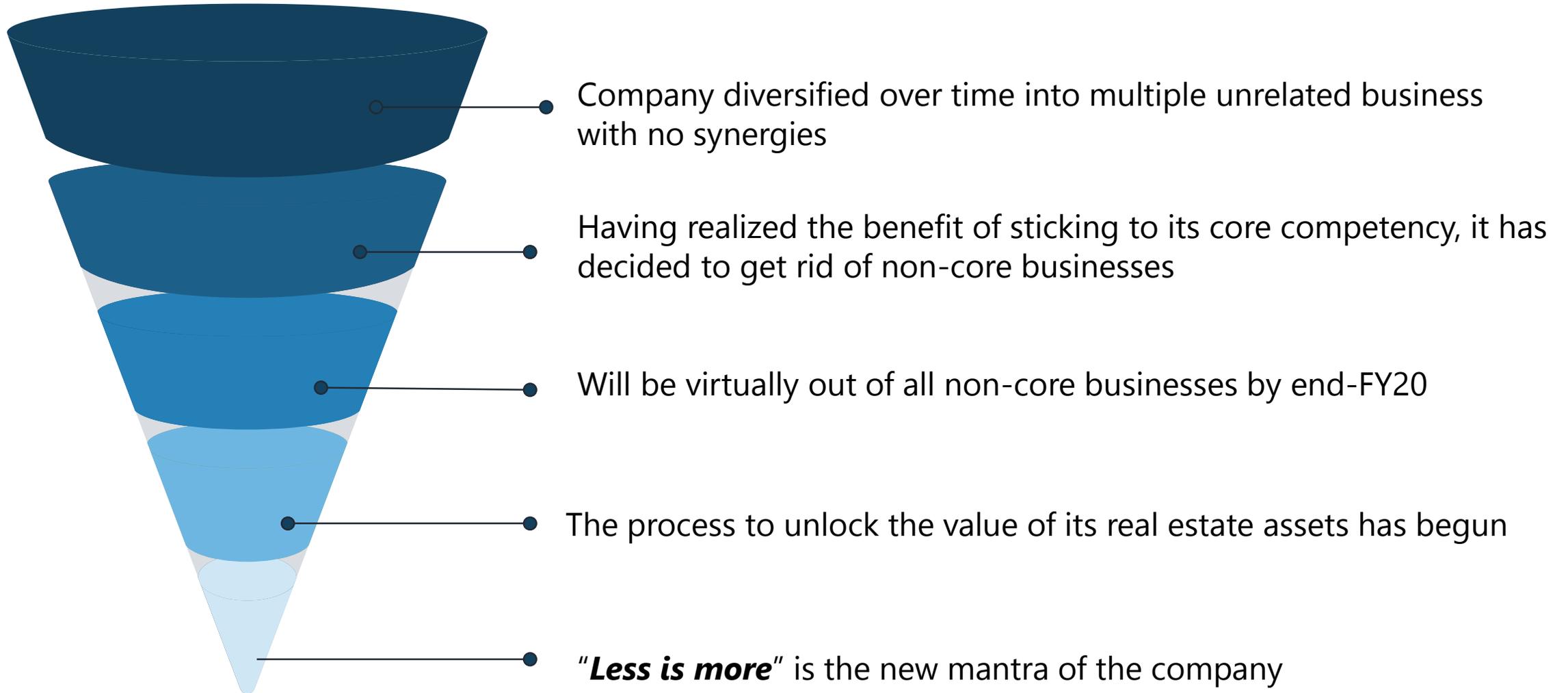
Corporate Action

- Interim dividend of 100% [Rs 5/- per share]
- Backward integration to produce Cholesterol (key raw material) from wool grease in Q4FY20 from Dahej facility
- Opening of wholly owned subsidiary in Germany to be closer to our customers and manufacture without any additional CAPEX value added products through third parties.

Financial Updates – H1FY20

Particulars (Rs Crs)	H1 FY20	H1 FY19	Y-o-Y
Revenue	161.96	201.39	-20%
Other Income	8.12	12.62	
Total Revenue	170.08	214.01	-21%
Raw Materials	40.68	51.53	
Employee Expenses	26.57	24.87	
Other Expenses	54.58	61.98	
EBDITA	48.26	75.64	-36%
EBDITA Margin %	28%	35%	
Depreciation	7.21	5.75	
EBIT	41.04	69.89	-41%
EBIT Margin %	24%	33%	
Finance Cost	9.89	9.14	
PBT	31.15	60.75	-49%
Tax	(15.56)	16.73	
PAT	46.71	44.02	6%
PAT Margin %	27%	21%	

Conglomerate to Concentrated



Vitamin D3 – The Heart of the Company

- Fermenta Biotech is India's only Vitamin D3 manufacturer and among top 3 globally in just 15 years
- With breakthrough technology, the Company expects to double its capacity without any meaningful capex, subject to regulatory approvals



- Complex technology process of D3 manufacture and obtaining CEP certification for facilities are key barriers to entry, resulting in oligopoly globally
- Optimal product mix between human and animal feed to balance sustainability and profitability

Applications of Vitamin D3



Pharmaceuticals



Dietary & Nutritional
Supplements



Food



Feed



Animal Nutrition



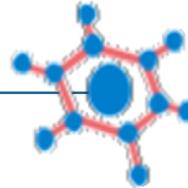
Rodenticides

Proprietary Technology



Knowledge Capital

Over 50 years of manufacturing experience



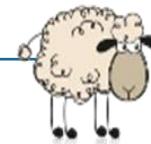
Scale

Among the top three producers of Vitamin D3 API in the world



Pioneering

Use of proprietary technology



Natural

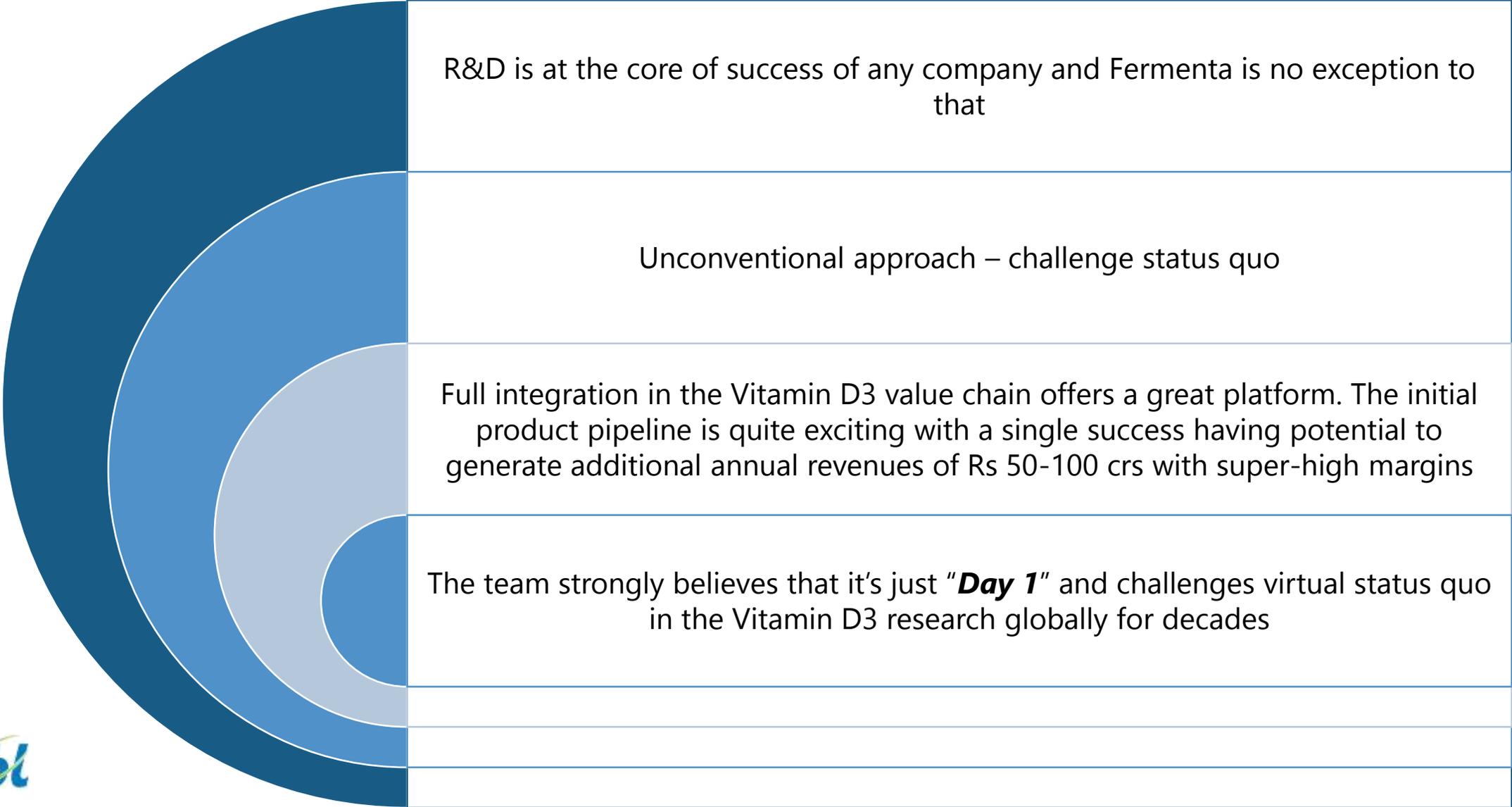
Cholesterol (Raw material) used, obtained from sheep wool from TSE/BSE risk free countries



Unique

One of three CEP-certified companies worldwide; products and manufacturing facilities have been certified by various international regulatory bodies

Innovation at the Core



R&D is at the core of success of any company and Fermenta is no exception to that

Unconventional approach – challenge status quo

Full integration in the Vitamin D3 value chain offers a great platform. The initial product pipeline is quite exciting with a single success having potential to generate additional annual revenues of Rs 50-100 crs with super-high margins

The team strongly believes that it's just "**Day 1**" and challenges virtual status quo in the Vitamin D3 research globally for decades

Vitamin D3: Enjoying Sunshine



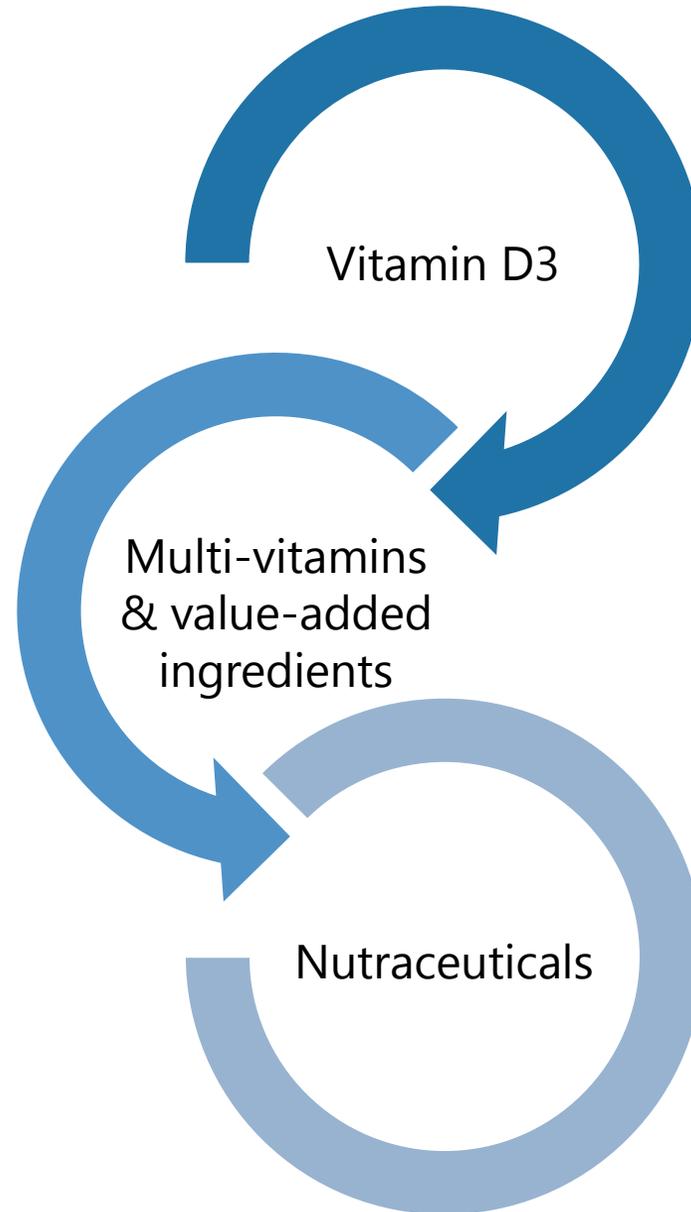
Vitamin D3 is enjoying great sunshine for the past few years

Boost to Vitamin D3 human nutrition demand is driven by awareness and research on its great preventive and curative benefits beyond fortifying bones; it's a versatile vitamin!

Vitamin D3 API demand for human is fairly stable and prices as well. However, it's demand for animal feed is volatile causing its prices to go up substantially in the past couple of years

With Chinese cost of production and compliance rising across the sectors including Vitamin D3, its prices for animal feed are unlikely to revert to earlier bottom

Transformation Journey



Single-vitamin to Multi-vitamins

Aim to broaden vitamin product bouquet to be more palatable to customers

Developed Vitamin D2; it's market size smaller than D3 but more lucrative

Evaluating a couple of more vitamins to add to its repertoire

Developed stabilized platform technologies for vitamins and premixes that would help the Company to get into value-added ingredients

The presence in value-added ingredients will provide a platform to move up the value chain to food additives and premixes, a space that is dominated by global giants

The move will provide greater stability, scalability and better margins

Transforming into a Nutraceuticals Company

Functional foods and nutritional supplements is the first stage of journey



Core nutraceuticals is the second stage wherein the Company aims to tackle common health problems



Medical nutraceuticals would be the next frontier that encompasses special nutritional needs such as infant feeding, chronic ailments etc.



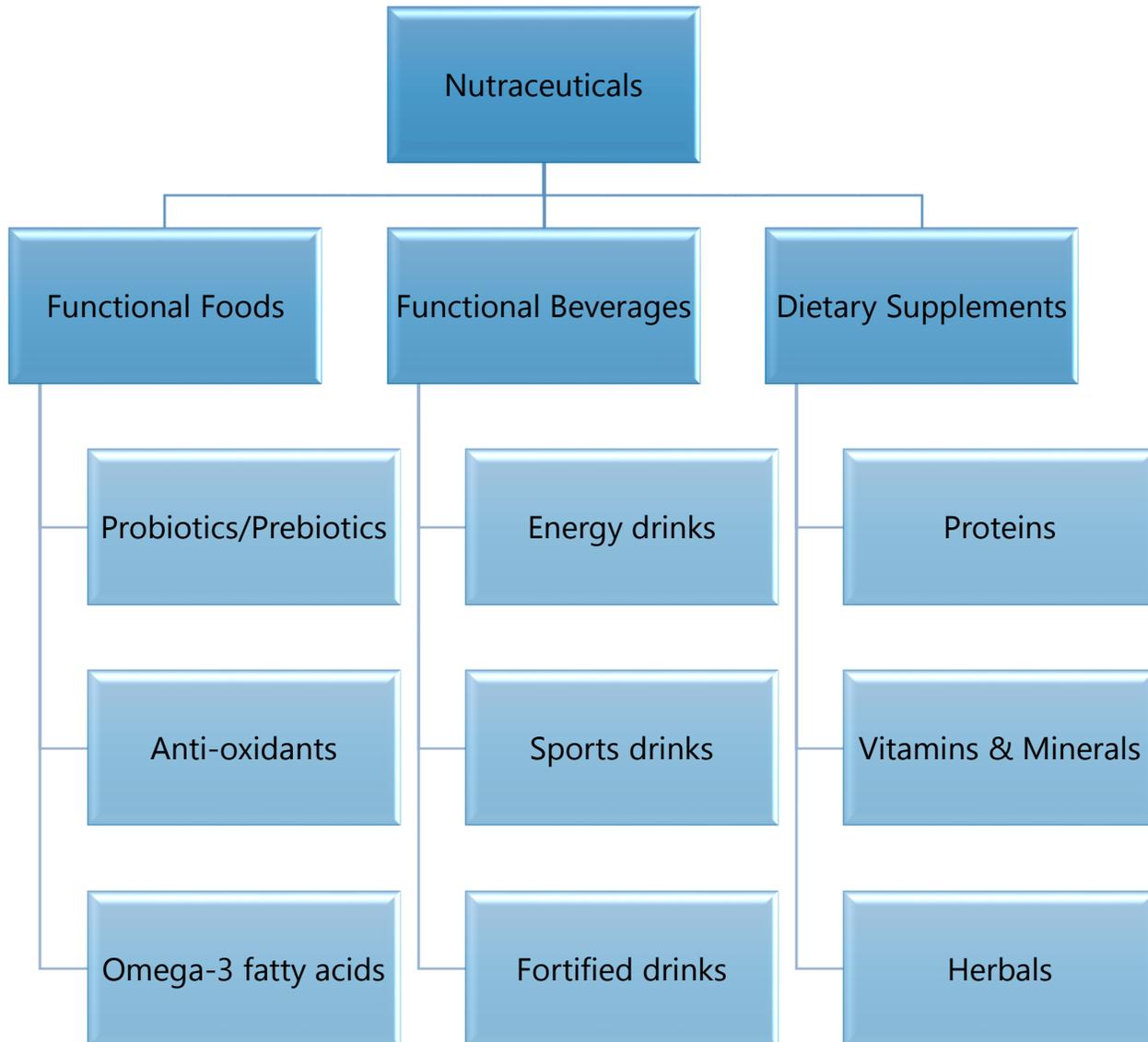
"Illness to Wellness" is a new mantra that world needs today

The work in R&D on many of these products is underway at different stages

From single Vitamin D3 to multi-vitamin, the company aims to be a nutraceuticals ingredients provider over the next 5-7 years

In this journey, the company would be open to acquiring right-fit and value accretive businesses

Types of Nutraceuticals



Portfolio Progression

Current Portfolio

Vitamin D3 and its various formats for:

- Pharmaceuticals
- Dietary & Nutritional Supplements
- Food
- Feed
- Veterinary Science
- Rodenticide

Future Target Space

Pre-formulations:

- Other fat soluble vitamins and their value added variants
- Smart Minerals
- Novel Anti-oxidants
- Pre and Pro - Biotics
- Customized Premixes

Key Markets

- Phase -1 : Domestic
- Phase -2 : Global

Key Applications

Pharma & DNS:

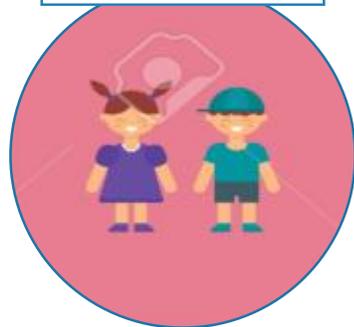
Food Fortification:

Flour/ Bakery/ Breakfast
Cereals/ Dairy/ Oils/
Beverages

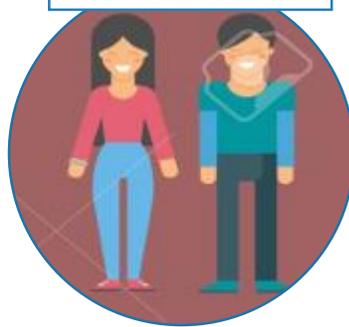
Infants



Childhood



Adolescence



Adulthood

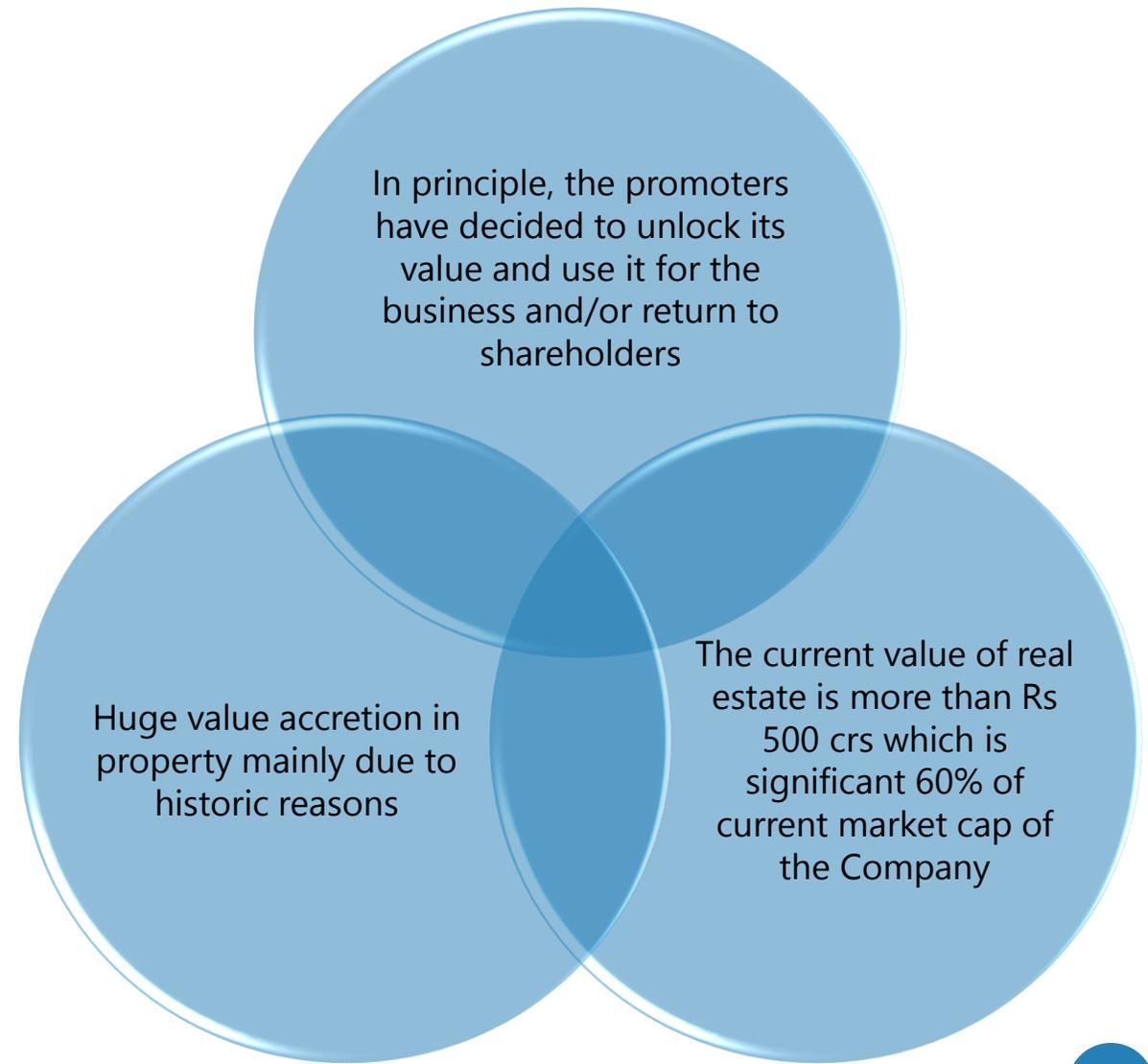
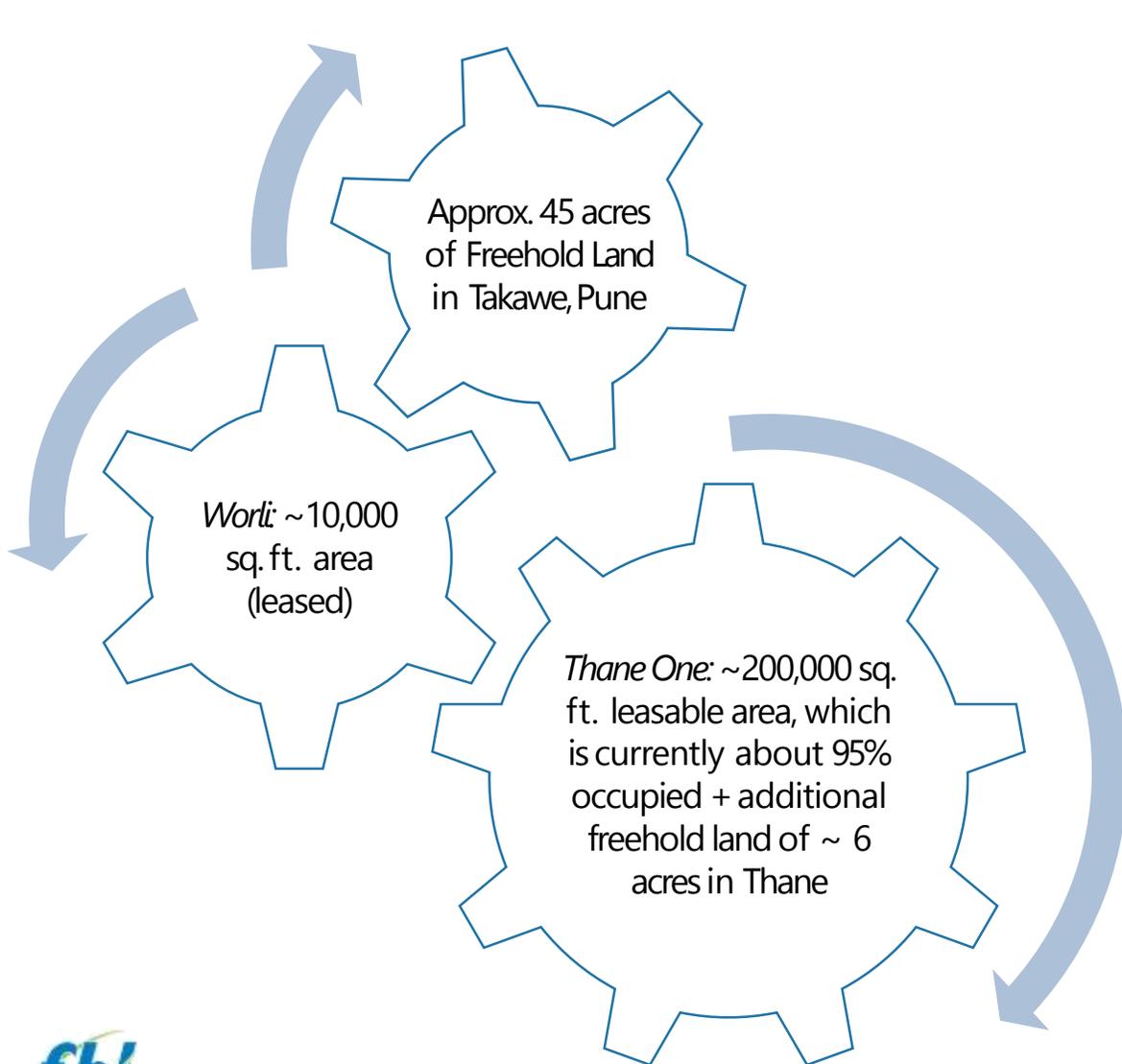


Elderly



Customer Segments

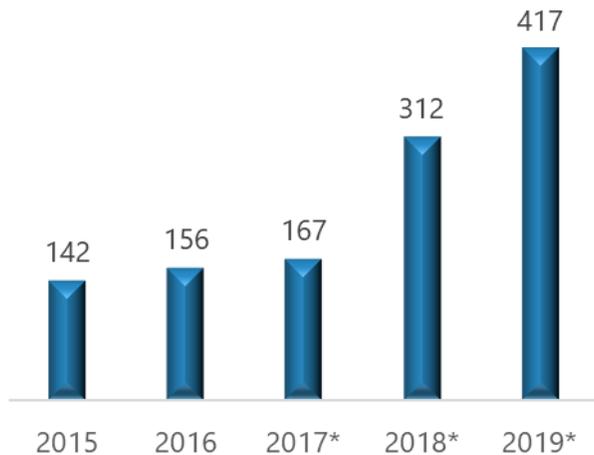
Unlocking the Value of Real Estate



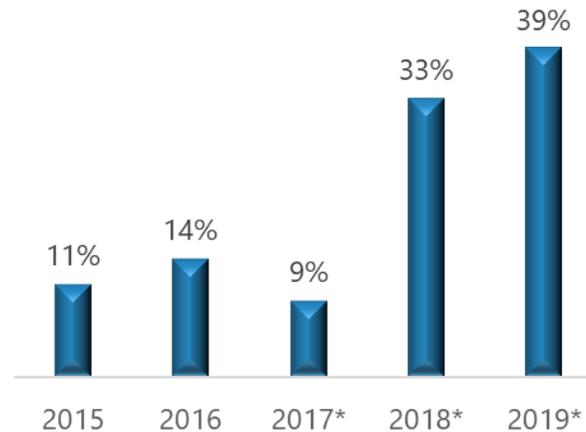
Financials – Robust Growth Ahead

- Well-timed capacity expansion combined with rising prices boosted growth; core business FCF generating and debt-free
- Revenues and PAT are up ~3x/14x during FY15-19 due to capacity expansion, rising demand and soaring prices of Vitamin D3
- During the same period, EBITDA margin more than doubled to ~40% and ROE jumped to ~47% in FY19; both of these shall normalize to 25-30% and 20%-25% respectively

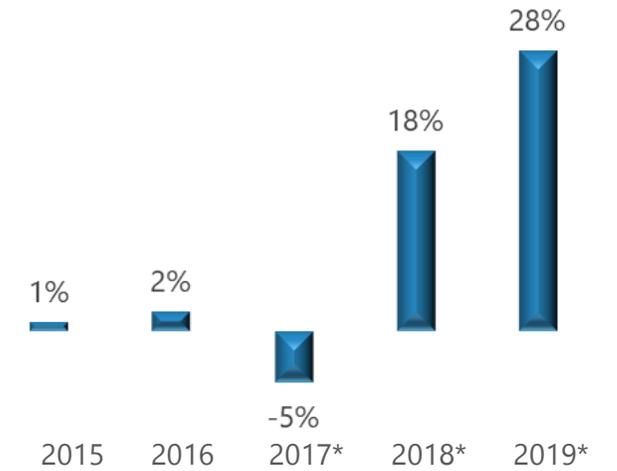
Revenue (Rs. Crs)



EBITDA (%)



PAT (%)



Key Risks



01

Roughly 47% of revenue of FY 19 is from Feed portfolio

02

Substantial decline in Vitamin D3 feed prices

03

Failure of R&D projects

04

Foreign currency risks

Experienced Board



Mr. Sanjay Buch

Chairman (Independent Director)
Partner at Crawford Bayley & Company



Ms. Rajeshwari Datla

Non-Executive Director



Dr. Gopakumar Nair

Independent Director
Past President - IDMA



Mr. Vinayak Hajare

Independent Director
Founder & Director -
InterGest South Asia Pvt Ltd



Mr. Krishna Datla

Managing Director



Ms. Anupama Datla Desai

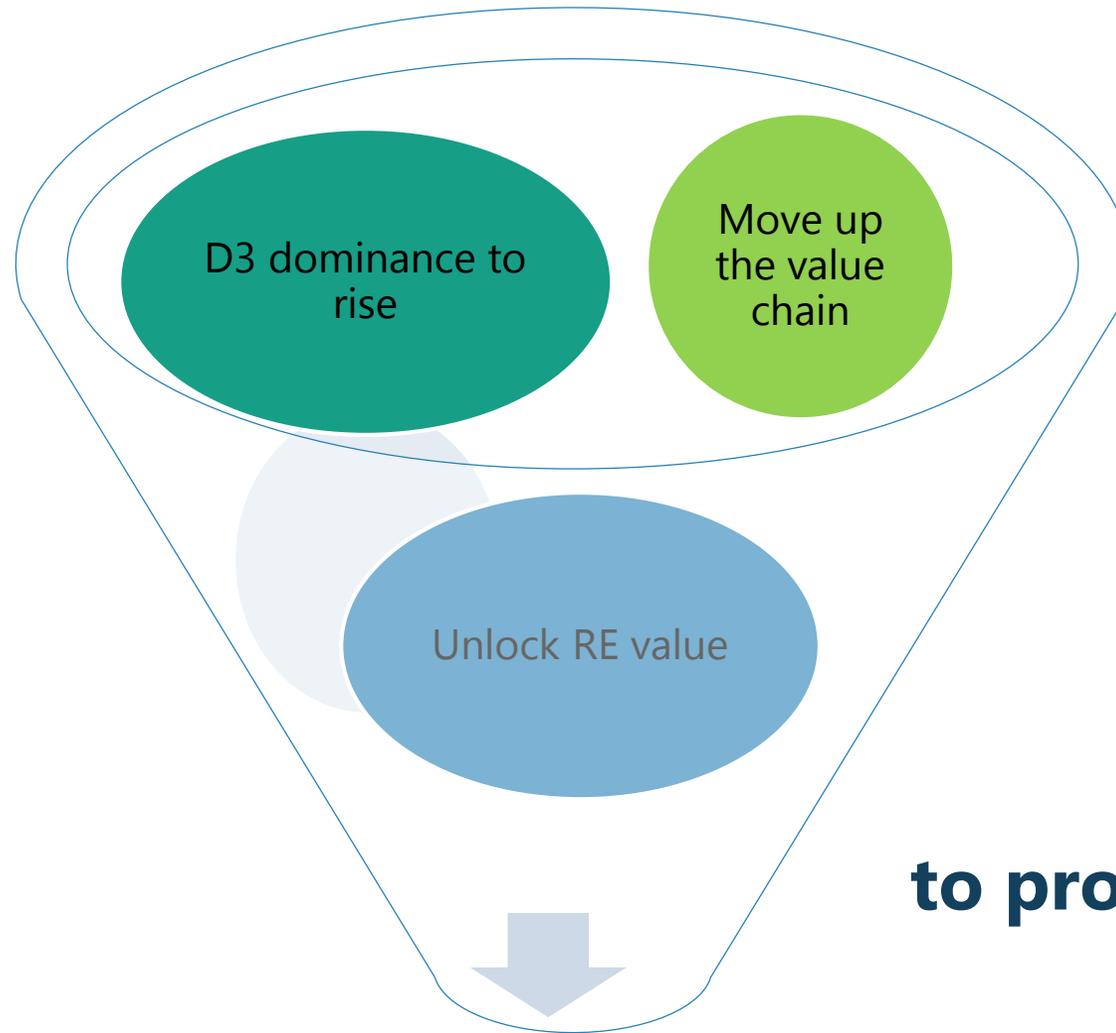
Executive Director



Mr. Satish Varma

Executive Director

Vision



DAY 1

LESS IS MORE

to propel us to next orbit

Pure Pharma company with Rs 800 crs to Rs 1,000 crs revenues with at least 25% EBITDA margin and 20% ROE in 5 to 7 years



Contact Us

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