

Fermenta Biotech Limited (formerly known as DIL Limited)

CIN: L99999MH1951PLC008485

Regd. Office: A - 1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) - 400 610, Maharashtra, India.

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TRANSCRIPT OF THE 68TH ANNUAL GENERAL MEETING OF FERMENTA BIOTECH LIMITED HELD AT 2:00 P.M. (IST) ON SATURDAY, OCTOBER 17, 2020 THROUGH VIDEO CONFERENCING / OTHER AUDIO-VISUAL MEANS

Participants: Directors and Key Managerial Personnel of the Company, Auditors and 54 shareholders.

1.	Mr. Sanjay Buch	-	Independent Director, and Chairman of the Board, Audit Committee
2.	Ms. Rajeshwari Datla	-	Non-Executive Director
3.	Dr. Gopakumar Nair	-	Independent Director
4.	Mr. Vinayak Hajare	-	Independent Director, and Chairman of the Nomination & Remuneration Committee
5.	Ms. Rajashri Ojha	-	Independent Director
6.	Mr. Krishna Datla	-	Managing Director
7.	Mr. Satish Varma	-	Executive Director
8.	Ms. Anupama Datla Desai	-	Executive Director
9.	Mr. Prashant Nagre	-	Chief Executive Officer
10.	Srikant Sharma	-	Company Secretary
11.	Mr. Sumesh Gandhi	-	Chief Financial Officer
12.	Mr. Rajesh Hiranandani	-	Partner of Deloitte Haskins & Sells LLP, Statutory Auditors
13.	Mr. Ankit Shah	-	Manager - Deloitte Haskins & Sells LLP, Statutory Auditors
14.	Mr. V.N. Deodhar	-	Scrutinizer of the meeting

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Mr. Srikant Sharma, Company Secretary:

“Good Afternoon, Ladies and Gentlemen. The time is now 2 p.m.

I welcome you all to the 68th Annual General Meeting of the Company. As stated in the AGM Notice and in accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and various circulars issued by the Ministry of Corporate Affairs and the SEBI, this meeting is being convened electronically through Video Conferencing or Other Audio Visual Means and without the physical presence of the members at a common venue, and in view of the restrictions and directives issued by the Government.

As the requisite quorum being present, the meeting is called to order.

It is an honour to have with us our distinguished Board members and our key managerial personnel. I will now call name of each Board member and key managerial personnel present here. They are requested to introduce themselves when called, by mentioning name and location from where they are attending the meeting.”

Mr. Srikant Sharma:

“First I would like to invite Mr. Sanjay Buch. He is an Independent Director, and Chairman of the Board and the Audit Committee. Mr. Buch, please introduce yourself.”

Mr. Sanjay Buch:

“Good afternoon everyone. I am Sanjay Buch, Independent Director, and Chairman of the Board and the Audit Committee. I am attending the meeting from my residence at Bandra, Mumbai.”

Mr. Srikant Sharma:

“The next Board member is Ms. Rajeshwari Datla. She is a Non-Executive Director of the Company. May I request Ms. Rajeshwari Datla to introduce herself.”

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Ms. Rajeshwari Datla:

“Hi, I am Ms. Rajeshwari Datla. I am attending this meeting from Khandala.”

Mr. Srikant Sharma:

“The next Board member is Dr. Gopakumar Nair. He is an Independent Director. Dr. Nair, please introduce yourself.”

Dr. Gopakumar Nair:

“I am Gopakumar G. Nair. I am attending this meeting from Kandivali, Mumbai.”

Mr. Srikant Sharma:

“The next Board member is Mr. Vinayak Hajare. He is an Independent Director and Chairman of the Nomination & Remuneration Committee. Mr. Hajare, please introduce yourself.”

Mr. Vinayak Hajare:

“Good afternoon shareholders. I am Vinayak Hajare and I am speaking from my residence at Deonar, Mumbai.”

Mr. Srikant Sharma:

“The next Board member is Ms. Rajashri Ojha. She is an Independent Director. Ms. Ojha, please introduce yourself.”

Ms. Rajashri Ojha:

“Good afternoon everybody. I am Rajashri Ojha. I am attending the meeting from my residence at Thane. I wish you all a very happy Navaratri. Thank you.”

Mr. Srikant Sharma:

“The next Board member is Mr. Krishna Datla. He is our Managing Director. Mr. Datla, can you please introduce yourself?”

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Mr. Krishna Datla:

“Hi, I am Krishna Datla. I am attending this meeting from Khandala.”

Mr. Srikant Sharma:

“Mr. Satish Varma is our Executive Director. May I request him to introduce himself please.”

Mr. Satish Varma:

“Good afternoon everybody. My name is Satish Varma. I am attending this meeting from Karjat, Maharashtra, India.”

Mr. Srikant Sharma:

“The next Board member is Ms. Anupama Datla Desai. She is an Executive Director of our Company. May I request her to introduce herself?”

Ms. Anupama Datla Desai:

“Good afternoon everyone. I am Anupama Datla Desai. I am attending this meeting from Khandala.”

Mr. Srikant Sharma:

“I am now introducing the key managerial personnel of the company. First, Mr. Prashant Nagre. He is the Chief Executive Officer of the Company. Mr. Nagre, can you please introduce yourself?”

Mr. Prashant Nagre:

“Good afternoon to everyone. I am Prashant Nagre. I am joining this meeting from Thane. Thank you so much.”

Mr. Srikant Sharma:

“Next is Mr. Sumesh Gandhi. He is the Chief Financial Officer of the Company. Mr. Gandhi, can you please introduce yourself?”

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Mr. Sumesh Gandhi:

“Good afternoon everybody. I am Sumesh Gandhi. I am CFO of the Company. I am attending this meeting from my residence in Mumbai.”

Mr. Srikant Sharma:

“I, Srikant Sharma, Company Secretary. I am participating in this meeting from Mumbai. Thank you so much.

I welcome all directors and KMPs for the meeting. I now welcome Mr. Rajesh Hiranandani, Partner of Deloitte Haskins & Sells, LLP, and Mr. Ankit Shah, the representative of our statutory Auditors. I also welcome Mr. V. N. Deodhar, Practising Company Secretary, the Scrutinizer for the meeting.

I now request our honourable chairman, Mr. Sanjay Buch, to address the members.”

Mr. Sanjay Buch – Chairman:

“Thank you, Mr. Sharma. As everybody is aware, the Annual Report 2019-20 including AGM Notice has been mailed electronically to the members whose emails are registered with us and the same has been uploaded on the company’s website, BSE website and the website of our Registrar, respectively.

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, and the relevant documents referred to in the Notice are available electronically for inspection by the members during the AGM at the Company’s website. The link is provided in the InstaMeet portal.

With the permission of members attending this meeting, I consider the AGM notice, Board’s Report and other relevant documents as read.

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I request the representative of our Auditor, Deloitte Haskins & Sells, LLP to read the Auditors' Report in accordance with the provisions of Section 145 of the Companies Act, 2013.”

Mr. Ankit Shah – Representative of Statutory Auditors - Deloitte Haskins & Sells, LLP:

“Good afternoon everyone. We have issued a qualified opinion on the financial statements and the qualified para is as below:

The Company has given (unsecured) Inter-corporate deposits aggregating Rs. 2,130.00 Lakhs in various tranches to another entity over the last twenty months until the end of the reporting period. During the year, the Company has also given trade advances of Rs. 102.00 Lakhs to the same entity. The amount outstanding as on March 31, 2020 is Rs. 2,430.88 Lakhs, including interest of Rs. 198.88 Lakhs. The deposits are repayable within one year from the date of entering into the ICD agreement and are further renewable such that the total period of deposits does not exceed three years. No Interest has been recovered on these deposits since inception. As per that entity's latest available audited financial statements for the year ended March 31, 2019, the entity is dominantly dependent on borrowings, including from banks, and the net worth is marginal.

Further, the directors of that entity in their report have stated that no provision for interest has been made as per mutually agreed terms. The Management of the Company has represented to us that they have not entered into any such terms that would result in non-receipt of interest. For the reasons stated in Note 62 to the standalone financial statements, the Management of the Company believes that no impairment on these Inter-corporate deposits including interest accrued on such deposits and trade advances is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid Inter-corporate deposits including interest accrued on such deposits and trade advances would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the standalone financial statements.

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Same qualification is there in the consolidated financial statements.”

Srikant Sharma:

“In response to the qualified opinion, the management’s response is as follows:

The company had given to non-related party, advances in the nature of Inter Corporate Deposits and trade advances in various tranches over the period of last twenty months for the development of the new product i. e. cholesterol from Fish Oil. The total amount outstanding as on March 31, 2020 is Rs. 2,430.88 Lakhs, including interest of Rs. 198.88 Lakhs. The Company has started the export sales of the new product and is confident that it shall be able to recover the trade advances and Inter corporate deposit amount along with interest in next 12 months period.

- (i) *Management’s estimation on the impact of audit qualification: Not Applicable;*
- (ii) *If management is unable to estimate the impact, reasons for the same: The advance in the nature of ICD and trade advances were against development of the new product i.e. cholesterol from Fish Oil. The sales of the product have also commenced. Hence the management is unable to estimate the impact.*

Thank you.”

Mr. Sanjay Buch – Chairman:

“I, Sanjay Buch, Chairman of Fermenta Biotech Limited welcome you all to the 68th Annual General Meeting of your Company. I trust you and your family are keeping well and safe in this pandemic situation. Before I proceed with my address to the members, I would like to first express our sincere gratitude to the country's doctors, para-medics, Police personnel, Government employees and other Covid warriors who have been enduring immense hardship to fight such a formidable battle amidst extremely difficult circumstances.

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In view of Covid 19 and directives issued by the Government and in accordance with the provisions of the Companies Act, 2013, SEBI Listing Regulations and various circulars issued by the Ministry of Corporate Affairs and the SEBI, this year's AGM is being convened electronically through Video Conferencing or Other Audio Visual Means and without the physical presence of the members at a common venue. The Annual Report 2020 including AGM Notice has been mailed electronically to the members and the same has been uploaded on the company's website.

In my address, I will touch upon the important milestones and performance of the Company during FY 20 and the first quarter of FY21.

With the objective to reduce costs and enhance synergy, the Company completed the merger of erstwhile Fermenta Biotech Limited with DIL Limited and renamed the combined entity as Fermenta Biotech Limited in the FY20. The availability of added resources now provides us better business growth opportunities in an organic and inorganic manner across the foreseeable future. Your Company is positioned as a well-respected player in the areas of pharmaceuticals, dietary and nutritional supplements, biotechnology, and environmental solutions. The Company continues its presence in the business of renting properties.

In FY20, on a standalone basis, the Company recorded revenue of Rs. 31,282 Lakhs and net profits of Rs. 6,367 Lakhs as against Rs. 41,701 Lakhs and net profits of Rs. 11,035 Lakhs respectively in the corresponding FY19. On a consolidated basis, the Company in the FY20, earned a total income of Rs. 30,527 Lakhs and net profit of Rs. 5,952 Lakhs, as compared to Rs. 41,704 Lakhs and Rs. 11,746 Lakhs respectively in the previous year.

Factors attributable to the performance of the company in FY20 are - the decline in animal feed realisations which significantly affected our overall revenues. Besides, an African Swine Flu in the FY 20 moderated animal feed consumption. The technical issues faced by one of our largest Vitamin D3 customer at their production facility, also impacted the

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revenue. However, the Company continued to address the requirements of the day and build its business for the future through the course of the year.

During FY20, the Company has strengthened its business through an establishment of a wholly owned subsidiary in Germany, namely Fermenta Biotech GmbH, thereby widening and deepening its presence in Europe. This subsidiary would manufacture our value-added products like D3 500 Feed grade, D3 100 Food grade, in Europe through third parties. This will strengthen our position in terms of quality, reach and tap into new customers without any additional CAPEX. We also strengthened our value-chain by backward integrating for the manufacture of cholesterol, the key starting material for Vitamin D. The company has also forayed into the aquaculture segment by launching a new product, fish oil cholesterol.

In the FY 20, your Directors declared and paid an interim dividend at the rate of Rs. 5 per equity share of Rs. 5 each on November 13, 2019, that is 100% equity dividend. The Company also issued and allotted 1,96,20,658 equity shares of Rs. 5/- each as fully paid-up bonus equity shares, in the proportion of 2:1 that is 2 bonus shares for every 1 share held, on February 15, 2020.

In the first quarter of FY21, the company, on a standalone basis, achieved a total revenue of Rs. 10,221 Lakhs and a net profit of Rs. 1,631 Lakhs, as against Rs. 8,410 Lakhs and Rs. 1,405 Lakhs respectively in the corresponding first quarter of FY20. On a consolidated basis, the company in the first quarter of FY21 recorded a total revenue of Rs. 9,572 Lakhs, along with a net profit of Rs. 1,360 Lakhs as against Revenue of Rs. 8,409 Lakhs and a net profit of Rs. 1,406 Lakhs was registered in the corresponding first quarter of FY20.

The key takeaways in the first quarter of FY 21 are - the prices of Vitamin D3 Animal Feed saw some strengthening in the first quarter of FY21 after being under pressure for the last 6 months. The Company incorporated a wholly owned USA subsidiary on May 27, 2020 in the name of Fermenta Biotech USA LLC to facilitate exports and enhance Company's business in North America.

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There has possibly been no more relevant time in the recent history of humankind where such an emphasis on the need for enhanced immunity as the impact of COVID-19 has brought into play the need for improved health and wellbeing. Fermenta, being the only manufacturer of Vitamin D3 in India and among the top few in the world, has been playing an important role in the Vitamin D space as a manufacturer that caters to customers worldwide. Being into Vitamin D, a molecule that is considered by various reports to be one of the vital vitamins to boost immunity in the fight against COVID-19, the Company did not experience a negative impact on its human Vitamin D3 business. Despite the challenges posed by Covid-19 pandemic, the Company is fully prepared to cater to the needs of its customers and its overall business. The Company's objective is not just to service an existing market but also to grow it. The Company expects to enhance nutrition affordability and strengthen its position as a key player in nutritional ingredients segment.

The Company collaborated with KLARO, a German technology provider, to build wastewater treatment plants and with Peschl Ultraviolet for the evaluation of new opportunities in effluent treatment and environment solutions. Our biotechnology segment continued to provide customized enzyme technologies for green synthesis across applications in pharmaceuticals, fine chemicals, food ingredients and bio diesels, amongst others.

COVID19 PREPAREDNESS:

Fermenta's Covid19 preparedness and response action plan was initiated in March 2020. Fermenta remained committed to all its stakeholders. As the operation of the Company is classified as Essential by the Government, the Company implemented various proactive measures to ensure business continuity plan and its overall operations, while prioritising the health and safety of its employees – Setting up a taskforce to monitor the situation in real time and leverage business continuity plans in accordance with the dynamic realities; prudent utilisation of technology by ensuring that employees remained remotely and digitally connected to seamlessly execute planned operations; precautions during product delivery to customers; ensuring continuous supply of domestic and global product needs

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by the Company. The Company also mandated various operating procedures to focus on the health and safety of the stakeholders.

AWARDS:

In the year under review, the company received accolades:

Business Excellence Awards 2019 - Fermenta received the award for Export Driven Pharma Company at the Business Excellence Awards 2019.

Best Business Brand Awards 2020 - Fermenta was declared as one of the winners of the Best Business Brand category in the Business Leader of the Year awards presented by ET Now.

Chief Strategy Officer Summit & Awards 2020 - Fermenta won two awards at the Chief Strategy Officer Summit & Awards 2020. Fermenta won the award for Turnaround Strategy 2020 and our CEO, Mr Prashant Nagre, was honoured with the accolade of Strategy Leader of the Year.

The Hindustan Times Thane Ratna Award - For the second year in a row, Fermenta was felicitated with the Hindustan Times Thane Ratna Award - Fermenta also received the award for Nutrition Focused Company, a recognition of its efforts to increase its presence in the nutritional ingredients segment.

Great Place to Work certification - For the second consecutive year, Fermenta received the Great Place to Work certification for April 2020 to March 2021, one of the most prestigious certifications for organisations across the world.

CSR:

The Company continues to play the role of a responsible corporate citizen.

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During FY20, the Company invested Rs. 1.86 Crores in CSR initiatives. The Company focused on initiatives in the areas of promoting health, e-learning, rural development, animal protection and social welfare.

I would like to specially mention two important CSR initiatives – Contribution to Prime Minister Cares Fund and a joint CSR activity where the company supplied Vitamin D for the benefit of two lakhs fifty thousand Maharashtra Police personnel, as part of their initiative - Help Protect Our Protectors.

It is heartening to note that the exemplary efforts displayed by the Company's employees amidst the unprecedented adversity - to ensure continuity of operations, frequent communications by connecting and inspiring the employees, regular updates on preventive measures on Covid and to motivate the employees to fight the virus and to stay safe and healthy. This display of dedication and commitment by employees bring immense pride, and I would like to place on record today my deepest appreciation on behalf of the Board.

With that, on behalf of the Members of the Board, I convey special words of acknowledgement to our stakeholders, for their continued support in achieving the objectives of the Company. I would like to thank all the employees for their dedication, commitment, and contribution to the success of the Company. We also wish to convey our earnest gratitude to all our clients, vendors, and bankers for continuing their support and maintaining their confidence and trust with us. Thank you all.

In compliance with the provisions of section 108 of the Act and the Rules framed thereunder read with Regulation 44 of Listing Regulations, the Company has provided the facility of remote e-voting, through Link Intime India Private Limited to exercise votes on the items of business stated in the AGM Notice, and the members are entitled to participate in the remote e-voting process or voting at the AGM electronically.

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The remote e-voting period commenced on October 14, 2020 (9.00 a.m. IST) and ended on October 16, 2020 (5.00 p.m. IST).

Mr. V. N. Deodhar, Practising Company Secretary, has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting process for this AGM.

Members who are participating in this AGM through VC/OAVM and have not voted through remote e-voting earlier can now vote on the following resolutions on the commencement of e-voting.

Members may please note that the below resolutions have been recommended by the Board of Directors for members' requisite approval. Facility to vote through remote e-voting was open for 3 days prior to this AGM and has been closed yesterday in accordance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations. In view of remote e-voting and as per standard 7.1 of the Secretarial Standard on General Meetings, proposing and seconding the following resolutions is not required.

The ordinary business is:

- i. To receive, consider and adopt the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, Reports of the Board of Directors and the Auditors thereon and the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 along with the Report of the Auditors thereon, as an ordinary resolution.
- ii. To confirm the payment of the interim equity dividend of Rs.5/- per equity share of Rs. 5 each for the financial year ended March 31, 2020 as ordinary resolution.
- iii. To appoint a Director in place of Ms. Rajeshwari Datla (DIN – 00046864), who retires by rotation and being eligible, offers herself for re-appointment, as an ordinary resolution.

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The special business is:

- iv. Appointment of Ms. Rajashri Ojha, as an Independent Director of the Company for a period of five years effective from April 1, 2020, as a special resolution.
- v. Appointment of Ms. Anupama Datla Desai, as a Director of the Company, as an ordinary resolution.
- vi. Appointment of Ms. Anupama Datla Desai, as an Executive Director of the Company for a period of three years effective from September 27, 2019, as a special resolution.
- vii. Appointment of Mr. Satish Varma, as an Executive Director of the Company for a period of three years effective from September 27, 2019, as a special resolution.
- viii. Ratification of payment of remuneration of Cost Auditor of the Company for the financial year 2020-21, as an ordinary resolution, and
- ix. Approval of payment of Commission to Non-Executive Directors for the financial year 2019-20, as a special resolution.

I would now like to invite queries from the members on the above business items.

I request the Company Secretary to moderate the queries from the members.”

Mr. Srikant Sharma – Company Secretary:

“Thank you, Chairman Sir. We will now unmute the members who have registered themselves as speakers. Members are requested to ask their queries when called. Members are requested to keep their queries short to provide equal opportunities to other members

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to raise their queries. Once all the questions are put, Mr. Satish Varma, Executive Director will answer the same on behalf of the Company and the Board of Directors. May I request the moderator to allow the first speaker, to put forth the question.”

Moderator announced the name of the speaker, Mr. Jaydip Bakshi.

Mr. Jaydeep Bakshi:

“I am Jaydeep Bakshi from the city of Kolkata.

- Thanks to Mr. Srikant Sharma for providing detailed colourful Annual Report and a nutritious one. We are the only largest manufacturer of Vitamin D in India and largest in world and catering to human and animal nutrition for healthy living and immunity building. The miniscule virus has created havoc across the globe and to fight against it and to improve immunity functions the demand of our nutritional products has risen. What is the business gain during this crises time?
- Our company has clientele across the globe. How much worldwide distribution affected?
- Is in-house business affected due to the supply chain break down and movements of goods?
- Sir, are we looking out for strategic partners for logistic movement like adopted in Germany?
- Sir, what is the business earned from API and enzymes applications in Pharma and Personal care?
- Sir, convey congrats to R&D team for efforts in development of new indigenous products and what is the amount of expense allotted for this R&D?
- Sir, any new product launch program in the pipeline at present and what are the steps you are taking to maintain superior product quality?
- Sir, congrats for the best business award 2020 and other achievements including great place to work.
- Sir, our manufacturing facilities are in two locations. What is the capacity utilization at present and feedback on proposed Saykha unit which is due to come up?

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- Sir, operating revenue and EBIDTA has gone down a bit and declined due to animal feed realisation, and what are our steps and what is our thought process to counter this?
- Sir, we have made a good cost management program and our raw material cost is also come down.
- Sir kindly highlight on the property development business because at present the real estate business is on the downside. We are 0.6% of total revenue from this sector. Are we going for renewal of contracts with the existing ones?
- Sir, congrats for your CSR activities and also for your wastewater management and effluent treatment, and also for the distribution of kits to the policemen and other persons during this Covid time.
- Sir hope our company will improve its performance with its dedicated efforts and overcome the challenge and move forward with focus on innovations and striving for its excellence and creating a long-term shareholders value. I support all the resolutions and I close myself now and request everybody to stay safe. Thank you, sir.”

Moderator announced the name of the speaker Mr. Aspi Besania.

Mr. Aspi Besania:

- “Normally, you hold AGM in last week of September which is very difficult to attend. I appreciate this time you are holding meeting in October. Next year please hold in the first week of September.
- Sir, congrats on income increase in year on year in the first quarter. In first quarter segment of profit of bulk drugs has reduced, when top line is increased. Reason why it has reduced when we are a monopoly?
- Sir, total amount outstanding for development of a new product is Rs. 25 Cr. Why export of cholesterol from fish oil and not domestic sales? Further, why this could not have been done in our company? Is cholesterol from fish better than our normal cholesterol which leads to diabetes?
- Sir is it similar to Sharkoferrol. Is there any change in technology for making Vitamin D since we started making it?

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- Sir, for year ending March 2020 our revenue has reduced from 404 cr to 293 cr. What is the reason for that?
- Sir, EBIDTA margin has also reduced from 40 to 26%, can we reach 40% in current year?
- Sundry debtors have also increased.
- Our chairman has stated in his speech that we are at the cusp of a significant multi-year opportunity. Can you please elaborate on that?
- Sir, you should not contribute to PM cares fund when there is no accountability over there.
- Sir, any proposal to enter into Vitamin D formulations?
- Sir, biotech revenue is only 3% of overall revenue. Do you plan to increase it?
- And Vitamin D you are making for veterinary or for human also?"

Moderator announced the name of the speaker Mr. Narendra Kumar Arora.

Mr. Narendra Kumar Arora:

- “When are we launching astaxanthin and omega 3 fatty acids and what would be the approximate revenue in one full year of operations?
- What are the cost savings achieved by starting manufacture of cholesterol in house separate from the raw material security?
- What is the demand-supply scenario of wool grease in the world as of today?"

Moderator announced the name of the speaker Mr. S C Gupta.

[Mr. Gupta could not be connected to put his question(s) due to technical issue from his side]

Moderator announced the name of the speaker Mr. T D Gupta.

[Mr. Gupta could not be connected to put his question(s) due to technical issue from his side]

Moderator announced the name of the speaker, Ms. Ashalata Maheshwari.

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Ms. Maheshwari apprised the performance of the Company for the year under review and accorded her consent to all the resolutions placed before this meeting. No question was raised from her side.

Moderator announced the name of the speaker, Mr. Pramod Kumar Agnihotri.

Mr. Pramod Kumar Agnihotri:

- I am very happy with the results of this company particularly when there is a problem of pandemic going on these days. Our role is so important that D3 which you are making, it is a very role model for creating immunity among the people. I just want to know when we can join the league of large cap. Today we have got a small cap star award. I am very much happy to hear about that. What was that business brand which you have received about 2020? It is also accolade from me sir.
- Now sir our ever-growing business has taken little set back this year because of the Covid 19. But the role of D3 which we are making in Fermenta Biotech which is Vitamin D has got the attention of the world.

Moderator announced the name of the speaker, Mr. Anand Jayprakash Bhavnani.

[Mr. Bhavnani could not be connected to put his question(s) due to technical issue from his side]

Moderator announced the name of the speaker, Ms. Vasudha Dakwe.

Ms. Vasudha Dakwe

- “Please throw some light on mission unlock-5 on our business.
- Please throw some light on R&D expenditure.
- Please throw some light on your current employees who are working from home as well as who are on casual contract basis.”

Moderator announced the name of the speaker, Ms. Lekha Shah.

Ms. Lekha Shah:

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- “How is the company preparing itself in a post Covid world? What are the learnings from the lock down and how is the company implementing those learning?”
- How are we engaging our employees?
- What is the road map for the next few years?”

Moderator announced the name of the speaker, Mr. Satish Shah.

Mr. Satish Shah:

- “You have changed the name of the Company from DIL to Fermenta Biotech. What is the result of the name change?”
- I wish to know the dividend policy of the Company.”

Moderator announced the name of the speaker, Mr. Vijay Gupta.

Mr. Vijay Gupta:

- “In the managing director’s speech, it has been mentioned that one of the areas of diversification in the coming years is milk and oil fortification. We would like to know what is the market size and what is our targeted market share in 2021-22?”
- What is the likely timeline for introduction of these products for fortification?
- With respect to Saykha project, when we intend to start the commercial production and what is our estimated contribution from the Saykha project in the year 2021-22?”
- Today world is talking about China plus one strategy i.e. looking for alternative suppliers except from China. Now in that regards since we are vitamin D producers outside China, there are only two Vitamin D producers as per our understanding: one is in Europe and second in India i.e. FBL. How we are getting benefited from this strategy?
- We have been talking about monetisation of real estate assets since long. What are our plans right now? Are we in discussion with any player in this area? And when can we expect monetisation of our real estate assets?”

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- And as a company where we see our company in 2025 in terms of its profitability, turnover and likelihood of product baskets?”

Moderator announced the name of the speaker, Mr. Santosh Kumar.

Mr. Santosh Kumar:

- “How many new jobs have you added; how many new employees have joined? Out of 524 employees, why do we have only 33 i.e. 0.629% female employees? You have very few i.e. 0.6% disabled employees disabled employee. That is very less %.
- Regarding auditors’ qualification for approximately Rs. 24 crores. You are saying that it is advance for cholesterol of which both production and exports are going on. How much is the export?
- Please clean the dispute case mentioned in pg. no. 113.”

Mr. Srikant Sharma:

“Moderator, if there are no more speakers, can we move ahead with the other proceedings?”

Moderator:

“Yes sir.”

Mr. Srikant Sharma:

“Speaker members have raised the queries. May I now request Ms. Satish Varma, Executive Director, to reply the queries of the members.”

Mr. Satish Varma – Executive Director:

“Thank you Srikant. I will try to address all the questions. I might not go in the sequence of the speakers. In may try to combine some questions. So please bear with me.

Q. A point was regarding meeting to be held earlier.

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A. I request CS and CFO to look into it so that we can hold the meeting earlier both quarterly and annual.

Q. Next question was why our first quarter profits were reduced as compared to last year even though the revenue was higher.

A. Again, it is largely linked to prices and margins of the feed grade. So, this has been mainly because of that.

Q. There is a common question about fish oil cholesterol being asked and 25 crores as when it can be recovered and also whether this takes away our focus from domestic business where the opportunity is so big on D3 side itself.

A. I think concentrating on other things does not mean that we ignore the Indian Market. All of you are aware that more or less the entire Indian market is being catered to by your organisation since the last 50 years or more. We continue to do so. We are confident that the future growth of the D3 requirement in India will be completely catered to by us. We are more than capable of doing that. But still about 70%-75% of our revenues comes from exports.

Q. Coming to Fish oil cholesterol.

A. Fish oil does not go into human use. It is directly sold as cholesterol for shrimp feed currently. In future we will look at using this as a possibility of using this as an ingredient or a starting material for animal feed grade vit D3 product currently it is being sold as cholesterol itself in the shrimp business. As we have mentioned earlier, the business has started. By September, this year I think we have already recovered 7.5 crores from 24.5 crores including interest portion. If all goes well in the next 8-12 months, we should recover the entire advances of ICD. It should not take more than that much time.

Q. Whether technology to Manufacture Vit D has changed?

A. Our R&D team has been continuously developing and improving the existing processes and their efficiencies and transferring it to the plant level and we have been

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implementing and so we have been able to maintain and improve our margins over the years because of the improvement in the technology.

If you look at our regular IR presentations which we upload on our website as well as BSE website. We are working on quite a few technologies where we are looking for vegan sources for Vitamin D3 as well and also changing and improving technological process. So, all the patents that we have applied for are listed in our presentations. For more explanation you can coordinate with Mr. Sharma on that.

Q. EBITDA % decrease.

A. Yes, again this is linked to animal feed grade prices.

Q. Do we manufacture D3 only for humans or animals?

A. I think we do for both. About 56% of our business come from animal feed business and that is what fluctuates mostly.

Q. Significant multi-year opportunity

A. Yes, we are on the cusp of great opportunity. I think the members have themselves expressed how important is the immunity and nutrition are going forward. The steps which your company is taking for its growth are in this direction, in the nutrition direction.

Q. CSR and PM care fund.

A. I would leave that to our Chairman and Mr. Srikant Sharma to answer.

Q. D3 formulations.

A. Currently, we do not have any plans of entering into the formulation business.

Q. Bio-Technology Revenue.

A. Bio-Technology revenue is only 3%. We hope to grow that %. We are happy that as an overall sum, it has grown much especially in the last 2-3 years. We are striving to improve this as well. Unfortunately, it is linked to infrastructure as well. We are more or

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less using most of the capacity that currently installed in Kullu for our Biotech. We will look at in the future at Saykha what we need to do to invest in the infrastructure so to grow this business.

Q. Amount of business gain worldwide, demand for product risen due to Covid.

A. I think these are the early days to mention any specific number in increase in demand. We do see an increase in demand in Vitamin D 3 in human sides both in India as well as in our exports business. However, on the animal side it is subdued especially because the meat industry is subdued. All the restaurants, entertainment, airlines, travel everything is slowed down. Also, the meat industry is little slowed down. So, we are seeing that impact as well.

Q. Logistics.

A. Logistics has impacted us for a few weeks in the beginning of the lock down periods, later on improved, but however the costs are definitely gone up. We do have a logistic partner in Germany where feed grade products are being moved from i.e. the bulk quantities. So, we require a partner there for warehousing to other supply chain related logistics. However, in India, I think, currently we do not see a requirement, but we will evaluate that.

I must thank every member who has spoken and said good words about our team and the efforts that we have been taking. Thank you very much.

Q. Capacity Utilisation.

A. Currently, I think, we have been lucky enough to maintain almost close to 80% and above capacity utilisation even during this period and may be more over the last year.

Q. Countered decline in operational revenue.

A. I think unfortunately we do not have much control on animal feed grade prices. It is mainly driven by the China supply chain related dynamics rather than anything to do with other global parameters. Unfortunately, we do not have much role to play in that.

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However, I think we are striving to improve our efficiencies and costs. We have backward integrated, we are maintaining our volumes and trying to improve our volumes that we currently supply to customers and the number to customers we supply to. I think this is way we will counter any set back that we will have on the price and try to improve the EBITDA margins.

Q. Couple of shareholders have asked about R&D expense.

A. Our R&D expenses are close to Rs.15 crores p.a. Going forward as we are undertaking a lot of projects, we have last year moved to a double our space R&D space and also increased our employees significantly.

Q. Couple of shareholders have asked about New products, astaxanthin, omega 3 fatty acids.

A. As far as omega 3 fatty acids and astaxanthin, we have tied up with 2 very good companies in South America to bring that products into India. We have launched these products already. It is in very nascent stage, but this is a market with very good growth potential.

Q. Diversification.

A. I would not call it as diversifying into food segment or anything because our D3 goes into all segments including pharma, dietary nutrition supplements as well as the food segments. So as part of our growth plan we more look at not as a diversification but adding products to the basket of D3 variants that we have. This will include various ingredients which are may be minerals, may be some vitamins, and also premixing all of this together as one more vertical. Some of these products we will manufacture ourselves, especially the ingredients; premix we will try to do ourselves. We will also look for strategic partnership with other good companies.

Our first focus will of course be of course India and then we will look outside India. Indian government has launched a very ambitious programme where they would like to fortify most of our staple foods with both vitamins and minerals e.g. They have already

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Fermenta Biotech Limited (formerly known as DIL Limited)

CIN: L99999MH1951PLC008485

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mandated the entire edible oil to be fortified with A & D2. Now they are coming up with regulation to fortify milk with A & D2. They are talking about fortifying rice, mixing regular rice with artificial rice fortified with iron, folic acid, and vitamin B12. This they are talking about taking up the program in the entire PDS systems. They have already made it compulsory in the midday meal scheme as well as mother and child, pregnant women, and child schemes that they have. The edible oil market itself for these premixes business could be about 100 crores. Milk, I cannot even try to calculate numbers because it depends on how many people will move to fortifying it compulsorily. The fortification for rice of these premixes the market size could be close to about 700 crores odd. Our aim is to be at least minimum 20% market share in all the premixes businesses especially I am not just purely talking about the Government schemes that are opening up here for this market. So, we are looking out on that in the new products.

Q. There was one more question on highlight on property business.

A. Yes, we are in the market to monetize this but due to Covid especially the commercial premises where lot of people are working from home the market is slow. So as and when it picks up and we find a potential partner or investor, we will surely get back to you on that. Currently we have about 2 lac sq. ft leasable area in Thane One out of which 35,000 sq. ft we ourselves occupied. The rest is all leased out. There is still further potential to build another 8.5 lac sq. ft of lease able area for which we are looking for an ideal investor. We also have about 10,000 sq. ft. space at CeeJay house situated in Worli, Mumbai. That is completely leased out.

Q. What are the cost savings we are likely to achieve by becoming a fully integrated player.

A. We expect a minimum of 20% and above saving on our key raw material cost purely, apart from being stable and secure.

Q. What is the demand-supply situation of wool grease in the world.

A. Wool grease is obtained in the process of cleaning the sheep wool. Most of this processing happens in very few countries. Australia, New Zealand, China are the main

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countries where this happens. We have a long-term contract to get wool grease supply from a non-Chinese source, so we are not dependent on China for our requirement on this.

Q. Saykha project.

A. We aim to invest over 200 crs over next few years. However, this will be done in a phase-wise manner. We will initially look at manufacturing some minerals and also setting up some chemical multi synthesis capabilities to help us regularise our wool grease to cholesterol, by products streams that we will get. Fish oil to cholesterol the by-products streams that we will get, we want to valorise those products. I think we will also have some multi synthesise facilities also there. I think for commercial production for Saykha because we have to start from ground zero, we have just received our environment clearance in the beginning of this calendar year and we need to start constructions so may be by the year FY23, we expect our commercial production to start.

Q. Still a small cap company. When we can move to large cap?

A. If all the efforts that we are putting in goes well I think we should be there in the next 5-6 years. We should at least hit a 1,000 crore revenue target. That is at least our ambition.

Q. Alternate sources for China people are looking at and how has it impacted.

A. It is little early to say. We think it is a gradual process. Not overnight people will shift. But having said that, we have seen an increase in demand on human side quite a bit.

Q. Employee disproportionate situation.

A. I must thank you for pulling us up on the employee disproportionate situation that is there in the Company. Thank you very much. We have been and we will try to rectify as much as possible. Not as an excuse but I must put a caveat that our production areas especially we may find a little bit challenging because it is not just a regular formulation where we make tablets and things like that. These are hazardous chemical reactions to a large extent. So, we have to be a little bit more careful especially on the disabled part of it. But however, we take your point both in case of ratio of female employees as well as

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disabled employees. We will strive to improve and do much better. We should not be happy where we are. I and sure the entire Board and the management team will definitely look into this.

Q. Lesson on Covid learnt.

A. Yes, Covid lessons have been learnt. I think Srikant Sharma ji will also be happy to organise these meetings online. Especially sending annual reports and other letters to shareholders I think not only the cost part of it but also it saves in cutting down lots of trees. But physical meetings, we also like to see your faces. It is once a year. So, it's a combination of both. I will let Srikant discuss with the Board and decide on that.

Q. International business this year gone down this year and domestic business gone up this year.

A. Again, this is largely due to feed grade business. Domestic business, the feed part of it is almost non existing. Most of the feed business comes from the international side. So, you could see that variation. This year there has been set back. Of course, again it is due to animal feed business. Covid has really not helped as well. So, we will see as we go along how this move.

Q. Learnings from Covid.

A. We are an essential commodity manufacturer. We have been striving to make sure that we cater to every single demand we have especially when the demand is more, not less, in this Covid period for our products. We are also like the rest of the world and everyone else. We are not immune to getting effected by Covid, our people getting effected from Covid. During this tough time I think there is additional load on all our employees at every end, manufacturing people, HO people, R&D people because we are continuing to manufacture and we are continuing to invest into capax for our new building and capacity expansion. We are continuing to implement R&D projects that are already come out of R&D and in the plant level. So, there is pressure. I should appreciate all our employees also for putting in these extra efforts especially when we see left, right and

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centre our colleagues also getting infected and having to be quarantined and all that. So, we are of course learning in all this.

Q. How are we keeping employees engaged?

A. Right from team meetings to HR counselling, in fact on improving their mental stability courses. All these things company is looking at.

Q. How do the next 2 years look?

A. I think it depends on how quickly we are able to launch and move our products forward. Most of them which we have to manufacture ourselves will have a 2-year period because manufacturing facilities have to be set up before it moves forward.

Q. Reason for name change?

A. Our entire business is Fermenta Biotech Limited. Under the brand of Fermenta Biotech Limited, D3 business has been happening since 2003. We wanted to maintain that heritage while DIL was more of a real estate and also known as a listed entity. But from a business perspective when had to choose between DIL and Fermenta Biotech Limited, this was the more popular and most unanimously suggestion from every quarter. So that is the reason we have done that.

Q. Dividend policy.

A. I think we have a prudent dividend policy depending on the profits made. The requirements for future growth of the company and shareholders reward, we have been consistent on making a fine balance on that. I am sure we will continue to do that. Having said that I will definitely put across to Mr. Sharma to request the Board to come up with a dividend policy.

I am not sure if I have missed out a few questions. Please co-ordinate with our company secretary, Mr. Srikant Sharma. He will be more than happy to co-ordinate and provide all the answers. Thank you.”

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Mr. Sanjay Buch – Chairman:

“As all the queries have been responded and clarified and the business of the meeting is now complete, members are requested to press ‘Cast your vote’ tab through Instameet portal and do the e-voting. Members who have not cast their votes through remote e-voting are requested to cast their votes for resolutions through e-voting process in next 30 minutes. Mr. V.N. Deodhar, Practising Company Secretary, the Scrutiniser shall conduct of the voting in a free and fair manner.

The Scrutinizer shall, immediately after the conclusion of voting at this AGM, unblock the votes cast through remote e-voting and the e-voting. He shall make a consolidated Scrutinizer’s Report of the votes cast in favour or against, if any, within 48 hours of the conclusion of this AGM.

The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website, and on the Registrar’s website and shall also be communicated to BSE Limited.

With that, I thank all the members, directors, and other participants for attending the meeting, virtually. I also thank Company Secretary and other company officials for arranging and conducting this meeting. With that, thank you very much everyone.”

Mr. Srikant Sharma – Company Secretary:

“Thank you, Chairman Sir. I thank all shareholders, members of the Board of Directors and the Chairman for participating in this 68th AGM and I wish all the shareholders, the Board members, and other participants to stay healthy. Now, we will be commencing e-voting which will be flashed on the screen. Along with that we will be making a small presentation of our company for the shareholders. Thank you so much.”

E-voting commenced

(30 minutes)

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End of E-voting.

End of meeting.

[Questions asked by shareholders on the InstaMeet Dashboard alongwith relevant answers are reproduced below]

1.	<p>Mr. Subhash Chand Gupta</p> <p>1. Are we looking for strategic investors for nutraceutical business? Ans. We are looking for strategic partners not specifically investors.</p> <p>2. What is our vision 2025 in terms of turnover, products, profitability? Ans. We expect the top line to grow at a CAGR of 15% over the next 5 years.</p> <p>3. Due to COVID. it has been widely reported that buyers are looking for alternate supply sources from China. How it has impacted the shift of demand to our company in respect of Vitamin D and its various products. Ans. I think these are the early days to mention any specific number in increase in demand. We do see an increase in demand in Vitamin D 3 in human sides both in India as well as in our exports business. However, on the animal side it is subdued especially because the meat industry is subdued. All the restaurants, entertainment, airlines, travel everything is slowed down. Also, the meat industry is little slowed down.</p> <p>4. What is status of monetisation of real estate assets. Are we in discussions with potential investors? The expected timelines to close the deal. Ans. Yes, we are in the market to monetize our real estate but due to Covid especially the commercial premises where lot of people are working from</p>
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home the market is slow. So as and when it picks up and we find a potential partner or investor, we will surely get back to you on that.

5. The proposed nutraceutical products to be added with expected timelines.

Ans. We have captured the list along with the expected timelines in the Investor Presentation.

6. Whether Vitamin D feed demand has recovered to the levels prior to African swine flu. If not, likely timelines for demand.

Ans. No, the Vitamin Feed demand has not recovered to the levels prior to African swine flu level. Due to COVID it is difficult to predict any timelines.

7. When Sakhya Project would commence commercial production, with which products with estimated timelines.

Ans. We will initially look at manufacturing some minerals and also setting up some chemical multi synthesis capabilities to help us regularise our wool grease to cholesterol, by products streams that we will get. Fish oil to cholesterol the by-products streams that we will get, we want to valorise those products. I think we will also have some multi synthesise facilities also there. I think for commercial production for Saykha because we have to start from ground zero, we have just received our environment clearance in the beginning of this calendar year and we need to start constructions so may be by the year FY23, we expect our commercial production to start.

8. Annual report mentions about diversification its presence in the food segment through addition of relevant products in milk and oil fortification. We would like to know the timelines for introduction of these products, the addressable market size, other competitors / suppliers, the target market share in coming year i.e. 2021-22.

Ans. Our aim is to introduce these products by FY 22. Addressable market size for edible oil fortification is Rs 100 crores currently, for milk fortification once it



	<p>becomes mandatory, it shall be more than oil fortification. Currently supply comes from Europe, China & India.</p>
<p>2.</p>	<p>Mr. Pramod Kumar Agnihotri</p> <p>1. What is the savings in cost of holding AGM electronically compared with physical Meetings held in the past the expenses incurred? Ans. Holding 2020 AGM electronically has saved approximately Rs. 5 lakhs compared to previous year.</p> <p>2. I feel that our directors i.e. man director, executive directors etc can take reduced sitting fees. Ans. Most of the compensation for directors and top management is variable and linked to the profits of the company.</p>
<p>3.</p>	<p>Mr. Keshav Garg</p> <p>1. What is the expected steady state OPM in bulk drug division? Why has our inventory more than tripled since FY17? How much capex is due in mid-term? What peak revenue can our pharma division generate at full capacity utilization? Ans. Bulk drug division includes both Vitamin D3 from Human and Animal. Considering the volatility of prices on the Animal feed, it is difficult to predict a steady state of OPM. However, in a long run we feel that an average of around 25% EBDITA margins should be achievable.</p> <p>We have started construction of multi-synthesis plant in Dahej with a total CAPEX of around Rs 30 crores. Other than this we don't expect any major CAPEX in the current financial year.</p> <p>Our pharma division currently is close to full capacity utilisation. We expect 25% increase to our capacities by Q1FY22, which will come from the completion of the above Rs 30 cr CAPEX.</p>



	<p>2. Sir, what are the chances of D3 prices falling back to pre FY16 levels? Are any new capacities of D3 coming up in near to mid-term? Are you facing downward pressure on rentals post Covid? What average rent/sq ft are we earning.</p> <p>Ans. It looks unlikely that the Vitamin D3 feed prices would fall back to pre FY16 levels. However, its difficult to predict anything considering China holds the major market share.</p> <p>As mentioned above we are in midst of building a multi-synthesis plant which should be completed this year and add close to 25% in the capacity.</p> <p>We have been able to negotiate and hold on to nearly all the rentals which we were earning pre-COVID.</p>
<p>4.</p>	<p>Mr. Prakashini Ganesh Shenoy</p> <p>1. Are our plants operational at pandemic times, how is the turnover affected please.</p> <p>Ans. Yes, the plants have been operational since the first week of April 2020. On a YOY basis overall the revenues have been better.</p>