

Fermenta Biotech Limited (formerly known as DIL Limited)

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June 5, 2022

**Corporate Relations
BSE Limited,
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Mumbai – 400 001**

Sir,

Ref.: Code No.: 506414

Subject: Transcript of Earnings conference call held on Wednesday, June 1, 2022 regarding the financial performance of the Company for the quarter and financial year ended March 31, 2022 ['Q4-FY22/FY22']

We hereby enclose the Transcript of Earnings conference call held on Wednesday, June 1, 2022 regarding the financial performance of the Company for the quarter and financial year ended March 31, 2022 ['Q4-FY22/FY22'].

The above Transcript shall also be uploaded on Company's website at www.fermentabiotech.com

This information is submitted to you pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Thanking you,

Yours faithfully,
for **FERMENTA BIOTECH LIMITED**

A handwritten signature in blue ink, appearing to read 'Srikant N Sharma', is written over a horizontal line.

**Srikant N Sharma
Company Secretary**

CS Membership No: F3617

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Fermenta Biotech Limited

Q4 FY22 Earnings Conference Call”

June 1, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY22 Conference Call of Fermenta Biotech Ltd. 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 an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Aloney Jain from Valorem Advisors. Thank you and over to you.

Aloney Jain: Thank you, Mike. Good evening everyone and a warm welcome to you all. My name is Aloney Jain, AVP of Valorem Advisors. We represent the Investor Relations of Fermenta Biotech Ltd. On behalf of the Company, I would like to thank you all for participating in the Company's Earnings Conference Call for the fourth quarter of the financial year 2022.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's Con-Call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainty, which could cause actual results to defer from those anticipated. Such statements are based on Management's beliefs, as well as assumptions made and information currently available to the Management. Audiences are cautioned not to place any undue reliance on the forward-looking statements in making any investment decisions. The purpose of today's Earnings Conference Call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review. Now, I would like to introduce you to the Management participating in today's Earnings Conference Call and give it over to them for opening remarks. We have with us, Mr. Satish Varma Ji who is Executive Director and Mr. Sumesh Gandhi Ji who is the CFO. I now request Mr. Satish Varma Ji to give his opening remarks. Over to you, sir.

Satish Varma: Thank you, Aloney. Good evening, everybody. It's a pleasure to welcome you all to the Earnings Conference Call for the fourth quarter and financial year ending 2021-22. I hope you are all keeping safe and well. I am joined on this Earnings Conference Call with our CFO, Mr. Sumesh Gandhi. Just to give you a brief key operational highlight for this quarter. Volumes of human Vitamin D3 in Q4 FY22 grew by 15% over the previous quarter and grew by about 7% in FY22 over the previous financial year. The volumes of animal feed on the other hand in Q4 FY22 declined by 64% over the previous quarter and declined by 49% in FY22 over the previous

financial year. The average prices of the feed grade were lower by 13% in FY22 over FY21. Now I request Mr. Sumesh Gandhi, our CFO, to give the financial highlights.

Sumesh Gandhi: Thank you, Mr. Varma. Good evening everyone and thank you for joining this call today. Brief financial highlights for the quarter and the financial year ended 31st March 2022 are as follows:

On a consolidated basis, in Q4 FY22, the revenue from operations for the quarter was Rs. 96 crores, which is a decrease of approximately 3.3% on a year-on-year basis and an increase of 3.6% on quarter-on-quarter basis. Operational EBITDA reported was Rs. 18 crores, which was an increase of about 73.5% on a year-on-year basis. Operating EBITDA margin stood at 18.4%. The net profit after tax reported was about Rs. 8 crores and the PAT stood at 8%.

Now I will move on the consolidated financial results for the whole year ended 31st March 2022. The revenue from operations was around Rs. 399 crores, which grew by approximately 5.6% year-on-year basis. Operational EBITDA reported was around Rs. 61 crores, which declined by 25% on a year-on-year basis. Operational EBITDA margin stood at 15.41% while net profit after tax was reported at about Rs. 15 crores, which is a decline by 66% on a year-on-year basis. The PAT margin stood at 3.74%. Having said that let me just clarify that the benefit of section 10AA under the income tax act for the SEZ unit ceased to exist with effect from FY22. Hence, the PAT margins for the quarter and the year ended is not comparable against the previous year same period.

Lastly, I would like to mention that the board of directors have proposed a dividend of 25% on the face value of Rs. 5 per share, which is Rs. 1.25 per share for the financial year 2021-22 subject to the approval of shareholders in the ensuing AGM.

With this we can open the floor to the questions and answers section. Thank you.

Moderator: We will now begin the question and answer session. The first question is from the line of Nirag Shah from Exemplar. Please go ahead.

Nirag Shah: Can I have revenue figures of human and animal D3 for Q4 as well as FY22?

Sumesh Gandhi: Q4 FY22 the revenue for human nutrition is Rs. 49.3 crores and animal nutrition is Rs. 24 crores.

Nirag Shah: Okay and for FY22?

Sumesh Gandhi: For the whole year of FY22, human is Rs. 218.7 crores and animal nutrition is Rs. 76.8 crores.

Nirag Shah: What is the update on Saykha project. When is the project expected to go on stream?

Satish Varma: I will try to answer this question. The plans are ready, however, we are holding back because as we have mentioned in the previous earnings calls as well, some portion of the Saykha like

for example, the premix plant, we have already initiated that in our existing Kullu facility as a brownfield project so that has been taken care of in Kullu. So, most probably by this year end, we should have the plant up and ready to be commercialized. We have taken the capacity expansion for our existing D3 within Dahej plant itself. We are delaying this by maybe about another quarter or 2 before we start implementing execution of the Saykha plant. Mainly it is going to be for minerals and other capacity expansions, which we are already taking care of partly with what we have done in Dahej. And our new products for example K1 and vegan D3 also, for the initial stages on vegan D3, we will be utilizing the Dahej plant itself and once it picks up, then we will look at Saykha what we need to do for our entire capacity.

Nirag Shah: This year at least construction work and all you are expected to start?

Satish Varma: Our exact plans will be crystal clear maybe in the next 2 quarters, so we will inform everybody accordingly. I would not be able to say yes or no at this stage. From all resources point of view, you understand that we are looking at monetizing the real estate assets and all that. We just want to make sure that we are not over leveraged also, so maybe in a quarter or 2 will give us much more clarity.

Nirag Shah: Okay, and regarding our 25-hydroxy D3 project?

Satish Varma: This is a part of the vegan D3 process substream itself and for the current to launch and commercialize things, we should be able to manage within our existing Dahej facility. So, the action plan on new products is not going to change much because we are able to now with all the expansions we have done in Dahej, we should be able to manage there at least to launch the product. Then, we will look at capacity expansions in Saykha.

Nirag Shah: But this year we will be able to execute and commercialize the product?

Satish Varma: 25-hydroxy I am not sure, but vegan D3 is the first target. It is all in the same stream so vegan D3 is our first target. We are taking it one by one.

Nirag Shah: Okay, and my last query was more of a strategic one. You had previously guided for a steady state EBITDA margin of 20%+ on a consolidated basis, but this fiscal we have ended close to 15.5% I believe, at a consolidated level. So, are we confident of achieving 20%+ EBITDA in FY23 and going ahead even if animal D3 prices remain at current level or we feel a need to revisit our expectation for said margin trajectory?

Satish Varma: I think whenever we mentioned because we are all aware of the fluctuations what happen with our margins because of feed grade, so whenever we mentioned 20% was always an average over the 4 to 5 years. If you look at our history also, it has always been mostly average. If you look at 5 years' history or 10 years' history, it will more average out kind of thing. So, we are very confident that these averages will be maintained. You might see a significant up in 1 or 2

years in between or you might see this kind of dip that we are seeing this year in between, but average, we don't want to change our guidance. We are quite confident that the average minimum should be maintained.

Moderator: Thank you. We have the next question from the line of Milan Patel from Option Edge. Please go ahead.

Milan Patel: First question is, our human segment has increased a lot compared to animal, so any reason for that and is the demand less for the animals?

Satish Varma: Our focus has always been on human. Human, for various reasons because to a significant extent, our efforts in growing our market share and acquiring new customers in the human market has helped us in achieving these numbers whereas as far as the animal side is concerned, yes, we have a new product now with our German subsidiary, getting it manufactured in Germany, but in general, the animal volumes and prices have been quite suppressed unfortunately for quite some time now, may be almost a year or so. Hopefully, things will turn around, but our focus is mainly on human while we have a decent presence in the animal segment.

Milan Patel: Another question is how big Worli and Pune land is and when will we be monetizing on that?

Satish Varma: Pune land, we are in the market. As and when we see some visibility, we will definitely inform everybody. Worli, we are not as actively in the market as we are with our Thane and Pune but, the intention is to monetize.

Milan Patel: Can you give idea about when we are launching vegan Vitamin D3 and Vitamin K?

Satish Varma: The target is over the next the 2 quarters to have the product launched.

Milan Patel: And the last question, our net profit margin has declined significantly. So, how are we working on getting the numbers back to normal?

Sumesh Gandhi: So, like I said that the net profit is something it's not fair to see from a profit perspective because we did not have the benefit of section 10AA in this year that we had in the previous year. So, from an EBITDA margin, it is something we will be talking about it. So, from an EBITDA margin, like we said, we are confident that on average we should be able to maintain the guidance of 20% what we have said. So, there is no change in our guidance with regards to the EBITDA margin.

Moderator: Thank you. We have the next question from the line Suchitra Doshi from SR Investments. Please go ahead.

Suchitra Doshi: My first question is that you had come up with Molnupiravir, but the efficacy of it has reduced now, it's all over the news. So, is it at all contributing to our top line and are we still manufacturing it?

Satish Varma: We don't manufacture Molnupiravir, but we manufacture the enzyme that is used to manufacture Molnupiravir. So far to the best of my knowledge, we are the only company, which offered a technology to manufacture Molnupiravir through enzymatic process. We have tied with Dr. Reddy's for this molecule who had a license. We did some supplies previous quarter, may be Q4 itself we might have made some supplies to Dr. Reddy's, but as you are aware, the molecule itself has not picked up, but we do not manufacture the molecule. We manufacture the enzyme that is used in the molecule, which enzyme is used for various other purposes as well. So, we continue to manufacture the enzyme, but unfortunately, until and unless something changes on the molecule from efficacy as well as regulatory point of view, we don't expect anything significant coming from that portion of the business which this enzyme goes for.

Suchitra Doshi: How exactly do we make cholesterol from wool grease and then how is vitamin D made and also how much wool grease do we import?

Satish Varma: To give you an idea, we import wool grease of more or less close to about 70% to 80% of our cholesterol requirement, that much we import wool grease. Wool grease to cholesterol is a complicated process where cholesterol is extracted. There are different technologies used at different stages. Cholesterol is extracted, then we have a byproduct that comes out of it, which are lanolin byproducts, which we are trying to valorize. So, our overall benefits of manufacturing our own cholesterol will come once we are able to do that. We hope to finish that exercise by the end of this year. As far as the cholesterol to Vitamin D3 process is concerned, it's a multi-stage process, but the most critical stage is where photochemistry happens, like for example, sun is supposed to convert the cholesterol or whatever derivative of cholesterol is there in your body to vitamin D3. Similarly, we do it in plant. So, we run the raw material through a process where specific UV rays, high intensity lights are focused on that particular raw material, which then is converted into vitamin D3. Photochemistry is the most critical part.

Suchitra Doshi: And then when are we going to start monetizing on lanolin?

Satish Varma: Lanolin, hopefully, we should be able to valorize the side streams by the end of this year, we should be able to start commercializing that. We are just working on various requirements as far as meeting customer specifications and all are concerned. So, that exercise is on. So, hopefully by this year end, we should be able to do it, if not before.

Suchitra Doshi: And what is the status on the Saykha project and which all products will we be launching there?

Satish Varma: I'll just repeat what we are going to do with Saykha, I think there are a couple of quarters before we have clarity and disclose the exact timelines, but however, currently because plant for pre-mix is already being constructed in our Kullu facility, so Saykha will have minerals. Saykha will have additional capacities that are required for our regular Vitamin D3 or the new products like vegan D3 or 25-hydroxy that we are looking at and if our enzyme business picks up, then we will look at some fermentation capacities there.

Suchitra Doshi: And my last question is that, are we still partly outsourcing cholesterol from Nippon and Dishman or are we now totally self-sufficient?

Satish Varma: We are still partly outsourcing, but from one company. We have stopped from Nippon. Some portion about 20% to 25% of our requirement, we are still outsourcing.

Moderator: Thank you. We have the next question from the line of Akshay Jain from 19.00 _____. Please go ahead.

Akshay Jain: My first question is what is the status of the pre-mixes plant? It was told that it will commission soon, but nothing out yet, can you please tell about this?

Satish Varma: We were indicating that we should be having this plant ready by Q3, at the most it might go to Q4 of this year, but we should be commercializing our products by Q4.

Akshay Jain: Second is, recently you came up with some voting for real estate, can you elaborate about this?

Satish Varma: We went for a postal ballot for the joint development deal that we have announced. We are not doing anything ourselves if you are worried that we are getting into real estate, we are not. We are in the process of monetizing. So, this is one of the steps that we have done in the overall picture.

Moderator: Thank you. We have the next question from the line of Ankita Jain from AJ Investments. Please go ahead.

Ankita Jain: My first question is when are we going to list on NSE? It has been on the table for quite some time.

Satish Varma: I think we have been trying to clarify over the last 2 calls that yes in principle, there is an approval or there is a recommendation from the management and the board to go forward and list our stock in NSE as well, but as you are aware that there is a merger proposal that has been announced and that is pending to be completed. We should be applying in NCLT sometime soon, very soon hopefully. Post which is when it will be prudent to go to NSE because there are the listing requirements, there are disclosure requirements, and there are approval requirements. So, we said we will finish all this and then go for NSE.

Ankita Jain: My second question is, you have been guiding that the animal feed price will increase, but the trend now has reduced more and if animal prices don't rise, our margins won't rise, so what is your guidance now?

Satish Varma: It has been too long that the lower prices have stayed. You would notice that in our earnings presentations and investor presentations, you would see that we have always been giving over the last 10 years how the animal feed prices move. It is cyclical, you would notice from that. None of the years, there is a stable price. May be about 200% to 300% variation is there almost every year, except for the last 1 to 1.5 years. COVID was one of the reasons, then just before COVID and during the initial periods of COVID, African swine flu was significantly prevalent. So, the trend is continuing. Unfortunately, it is not in our hands how the markets move. This particular product is commoditized and most of the volumes come mainly from China and they determine the prices more than anything else. Our market share in animal feed is closer to 4% to 5%. So, its wait and watch, but we are hoping that it should move soon because at these prices really no one is making money. As far as Fermenta is concerned, our dependency on human side is much-much higher than the animal side and the human side, as you are aware, is pretty stable.

Moderator: Thank you. We have the next question from the line of Dheeraj Jain from HEM Securities. Please go ahead.

Dheeraj Jain: My question is, the margins are fluctuating every quarter. Can we expect any stability on this end?

Satish Varma: If we take out the animal feed part of it, you have seen also what the decline was in animal feed both in volumes and prices this year. So, if you look at the organization minus the animal feed, you will see much more stability rather than the fluctuations that are happening. Animal feed, as I have just explained, unfortunately if you look at even the last 10 years' trend or even 15 years' trend, it has been fluctuating. We are present in the market, but unfortunately it is not in our control as far as the fluctuations are concerned on this particular project.

Dheeraj Jain: I have one more question. Why was there such a drastic difference in the financials in this quarter as compared to the previous one?

Satish Varma: Previous one, if you would have noticed, our subsidiary where there was revaluation of stock because of the animal feed prices being low had given us a significant impact on the margins. If you look at standalone, I think we had better sale than last quarter, so you would see that difference coming in.

Dheeraj Jain: One more question, are you still present in rodents and environmental solutions? If yes, how?

Satish Varma: Environment solutions, we are present, yes. We are present in offering solutions both from a biology point of view with our enzyme products and also technical solutions, right from our engineering capabilities to everything. You might not still yet notice the numbers in this quarter, but by the end of this year I am sure that you will start seeing it as a separate contribution in the pie-chart because we are making good in-roads there.

Dheeraj Jain: And what is going on with our subsidiaries? Are they still performing badly and how will that be managed in the future?

Satish Varma: As far as Germany, our 100% subsidiary is concerned, it is completely animal feed related, as we have mentioned last quarter that we just got about 4 to 5 months back the approvals finally to be able to manufacture and market this product out of Germany. Fresh approvals from customers, everything is in process. We have to meet our volumes, we have enough approvals and enough customers in hand who have approved the product. So, it should change. Now, whether the numbers will change or not, whether we will see a slight loss or we will see profits will again loop back to the animal feed prices. You would notice that this quarter because last quarter we had to do revaluation of stock, you would have seen a significant negative, but this quarter it is very minor negative. As far as US is concerned, similarly what was last year, what is this year, you would see the difference. Things are improving and going forward they should start contributing positively to the Company's overall numbers.

Dheeraj Jain: And how is AGD Nutrition? We have reduced share to US. So, how will we increase it?

Satish Varma: Again 2 reasons, one was we stopped manufacturing a feed-based product in India and started in Germany and Germany approvals took time. So, that was one of the reasons why the sales in AGD would be down. Of course, the prices also will reflect on the numbers that you see as a turnover. So, that is another reason because before 2 years, the feed prices were high. So, you would have seen the higher numbers. So, when the feed prices are low, the numbers automatically you will see as low. It should not affect the profitability of the feed prices. It should not really affect the profitability per se or growing into negative or something like that because for that particular product it's more trading. So, they get their commissions irrespective of whatever the prices are of course it is a percentage of whether it is for example Rs. 100 or Rs. 1000. So, it is a percentage of that. So, animal prices will reflect on the commissions that they make, but there is not really any investment into the product itself. Apart from that, I would say that a significant portion of the numbers that we have lost on animal feed were covered by the new customers and sales we picked up on the human side in AGD. So, that has actually come for the better and as and when the feed prices change, you will start seeing that reflection in the AGD numbers also. AGD now is called as Fermenta USA.

Moderator: Thank you. We have the next question from the line of Dhruv who is an individual investor. Please go ahead.

Dhruv: What explains the quarter-on-quarter revenue growth in margin expansion in both the standalone and consolidated numbers this quarter, given that the pricing and volume in the animal vitamin D3 business continues to move lower?

Sumesh Gandhi: So, basically it was the volumes, which we saw in the human side, which were higher in this quarter, which had contributed on the higher revenue and that would also automatically happen on the margins.

Dhruv: So, the revenue sharing of the human segment was higher this quarter compared to the last?

Sumesh Gandhi: Yes, for this quarter, if I have to put across, it was approximately 52.2% of our total revenue in this quarter vis-à-vis the last quarter, it was 50%.

Dhruv: Also, can you tell us about how the prices are moving in animal segment in April and May?

Satish Varma: The trend is similar. There is nothing significant that we have spoken about.

Dhruv: And more of a general question, I think you have mentioned that there are only 3 companies worldwide in Vitamin D3 space, I think the human category. So, what exactly is the reason for this?

Satish Varma: I would not say 3 companies are in the human space. I would say that there are multiple companies in China, but one of them holds a significant market share. There are 2 companies outside China; one is Fermenta in India and another one is DSM in Europe. China, there are more companies. As far as human is concerned, I think China because of the volume, 80% of the volumes go in to animal feed. So, China's focus is more on animal feed. We have more regulatory compliances to everything else. It's a long process for a human side for approvals to everything. So, one is the focus and the other one is regulatory aspect of it. So, maybe we hold close to 25% global market share on the human side while we have less than 5% on the animal side. Now, why there are only few players, it's a niche segment, it's a niche product. It's not like antibiotics or something like that and already there are enough players in the market including both outside China and inside China and more importantly, the technology is not simple. It's complicated. I would say that maybe, to the best of our knowledge, Fermenta and one Company in China are the ones who are completely backward integrated. So, we are only 2 companies that are completely backward integrated to the best of my knowledge.

Moderator: Thank you. We have the next question from the line of Yogesh Tiwari from Arihant Capital. Please go ahead.

Yogesh Tiwari: I had one question regarding various capacity expansions we are taking and product introduction. What would be incremental revenue opportunity from this initiative?

Satish Varma: If the capacity expansion that we have taken is completely utilized per our Vitamin D3 segment because the capacity expansion we have also done in such a way that it can be a multipurpose chemistry plant. If it is completely utilized for Vitamin D3 alone, depending on the animal feed prices, from the capacity point of view, about 20% to 25% increment has happened. So, that should add into the revenue depending on our market requirement, the market demand. Otherwise, that is the reason I was mentioning Saykha, we are taking a little more time because of the multipurpose nature of this plant that we have done in the capacity expansion. Our K1, vegan D3, etc., can happen within that itself. So, if we need to utilize because of the market demand on D3, we should be able to utilize and it should be at least 25% more in terms of volumes and if we are utilizing that, that means that the feed prices should be good. That will definitely add much more in terms of margins and revenues.

Yogesh Tiwari: And sir any volume guidance for FY23 in terms of animal and human feed?

Satish Varma: Volumes we never give because of the nature of listed companies in the world, we are a little cautious about giving our volumes in public.

Yogesh Tiwari: And lastly on the margins. So, margins have been volatile. So, do you think, the margins we currently had, this was at the bottom level and margins will expand from here on?

Satish Varma: The margins are lower mainly because of animal feed. We are in the lower end, but that is where we have been over the last one year. So, as soon as it changes. We don't think so it should go further down. If it goes further down, people will start losing money as well, not just Fermenta and even if it goes down, it has to be a blip. We don't expect it to go down, but if it goes down, it has to be a blip. It can't sustain lower than this. Even this itself is tough.

Yogesh Tiwari: So the 20% margin which you are targeting, that would be possible in about 2 to 3 years because of the volatility?

Satish Varma: Over the next 4 to 5 years, you will see that including this year also, your average should be 20%. If you take the horizon of 4 to 5 years and look at averaging it out, we should be doing the 20%. If the feed prices pick up, your margins should go above 23%, 24%, may be even 25% and above. We have seen margins of even 37% if you recollect a few years back. So, we will average out. We are confident of that. Just look at the feed prices chart and it will give you an indication of how the movements happen and how the margins can change.

Moderator: Thank you. We have the next question from the line of Milan Patel from Option Edge. Please go ahead.

Milan Patel: Can you tell us more about Thane land, what are you doing with it?

Satish Varma: As we mentioned and put it in our presentations as well, Thane land, we are going for a joint development. Sumesh, can you just repeat the key highlight.

Sumesh Gandhi: The key highlights of it is that it is a development rights, which we have given to Mextech Properties, which is basically a joint venture from the promoters of Nandivardhan Group and RRC Ventures who are pretty well known on this part of the town and RRC Ventures has done a lot of development for big projects also. The whole idea is we would receive 120,000 square feet of RERA carpet against the development right on the land, which we will be giving it to them. We would not be spending any money by way of any construction cost, nor any premiums or any approvals or anything plus what is going to also happen is that the land would not be mortgaged by them for the purpose of taking any debt or any loan.

Milan Patel: And another question is if you can give idea on whether our peers like DSM are seeing the same margin for Vitamin D3?

Satish Varma: I would not be able to mention. The financials are public knowledge, but they have a basket. So, they don't give individual margins out.

Milan Patel: And sir last question is why have we delayed all our new products and are we going to take more debt for that?

Satish Varma: There has been a delay in our new product pipeline because of 2 years of COVID. The demand on Vitamin D3 human because of immunity requirements, the way the demand went up, our complete bandwidth went into that. It was not that our Company no one got infected or anything like that, through that entire struggle, we made sure that we catered to every single gram of demand that we had on our regular product and that was reflected in the numbers during the tough periods as well. We just didn't have the bandwidth to be very honest, although we wanted to launch and commercialize a couple of important projects like for example, K1 and vegan D3. We just lost out that time in COVID. We didn't have the bandwidth and resources. As regards the investments required for our Saykha, we are being cautious in terms of over leveraging ourselves. You are aware that we are monetizing our land assets. So, hopefully, we won't increase our debt levels where we are looking at the new CAPEX requirements. As far as these couple of new products, for example, pre-mixes are concerned, we have already taken the debt. We have increased our debt by about Rs. 25 crores to Rs. 30 crores to implement that project in Kullu because it becomes a brownfield rather than a greenfield and number 2 as far as K1 and vegan D3 are concerned, currently we do not anticipate any CAPEX requirements for that because we are going to utilize it in the multi-purpose plan, which we have created in Dahej.

Moderator: Thank you. We have the next question from line of Suchitra Doshi from SR Investments. Please go ahead.

Suchitra Doshi: My question is, do we still have relations with Turkey Company for 2 of our products and can you tell more about the uses of these products as well?

Satish Varma: Turkey, yes, we have the relationship. The Company's name is Recordati in Turkey. That is where the relationship is. One product is called phenylramidol hydrochloride, which is a muscle relaxant. Turkey is the only market for that particular molecule and we are the only Company, which is supplying to Recordati, that is one product. The other product silicon dioxide powder. There is a specific requirement that has come from Recordati or earlier avatar of Recordati, which was a Turkish company called Dr. Frik for us to be manufacturing that and supplying to them. So, that plant has been setup about 15 odd years back. So, these 2 products I would like to look at it as more of an annuity business with long-term contracts with specific margins, which we have been doing over the last 22 years, just it's a principal to principal business.

Suchitra Doshi: And how is the fish oil cholesterol segment doing, are we increasing our stake in that and are we also making the byproduct, which is Omega 3 fatty acid from it?

Satish Varma: No, we get this fish oil crude after Omega fatty acids have been taken out. We make cholesterol from that. Currently, we are utilizing it for the aquaculture market as shrimp feed. The Company's strategic goal is not to be in the shrimp market. The Company's strategic goal was to be present in wherever there is cholesterol that can be extracted if it is possible. So, we will see if we can use this fish oil maybe for the animal feed or something like that, but until then, we will restrict our presence to the volumes that we have.

Suchitra Doshi: And what will be the split in Vitamin D3 and nutraceuticals in the coming future and how will it be achieved?

Satish Varma: We hope that currently Vitamin D3 is more than 70% of overall revenue, maybe even up to 80% of our overall revenue. We want to see while the Vitamin D3 business grows as well, the nutrition should contribute another at least 25% to 30% of our overall business over the next 4 years.

Suchitra Doshi: And one last question, will the Rs. 200 crores for Saykha be for the first phase or will it be for the entire CAPEX and we have already taken the 40,000 square meter land, so what are we doing with that?

Satish Varma: We just got the approvals during the COVID period and then because of the availability of resources not just in terms of monetary, but also human resources, we decided one of the projects that we wanted to do in Saykha, we are doing that in Kullu, that is a pre-mix plant. That is one of the reasons why we are delaying more and more in implementing something at Saykha. As far as total investments to be done, it will be more to the tune of Rs. 150 to Rs. 200 crores overall, not in phase 1 and this Rs. 150 to Rs. 200 crores also we expect to do it in phases.

Moderator: Thank you. We have no further questions. I would like to hand it over to Mr. Satish Varma for the closing comments.

Sumesh Gandhi: Thank you all for participating in this earnings Con-Call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our Investor Relation Managers at Valorem Advisors. Thank you everybody. Stay safe and see you soon.

Moderator: Thank you. On behalf of Fermenta Biotech Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.