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Ref: F.No.: 49

February 22, 2022

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

Sir,

Ref.: Code No.: 506414

Subject: Transcript of Earnings conference call held on Wednesday, February 16, 2022 regarding the financial performance of the Company for the quarter and nine months ended December 31, 2021 ['H2/Q3FY22']

We hereby enclose the Transcript of Earnings conference call held on Wednesday, February 16, 2022 regarding the financial performance of the Company for the quarter and nine months ended December 31, 2021 ['H2/Q3FY22'].

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Thanking you,

Yours faithfully,
for **FERMENTA BIOTECH LIMITED**
[FORMERLY KNOWN AS DIL LIMITED]

Srikant N Sharma
Company Secretary
CS Membership No: F3617
A-1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400610

Encl.: as above

“Fermenta Biotech Limited Q3FY22 Earnings Conference Call”

February 16, 2022

MANAGEMENT:	**MR. PRASHANT NAGRE – MANAGING DIRECTOR – FERMENTA BIOTECH LIMITED** **MR. SATISH VARMA – EXECUTIVE DIRECTOR – FERMENTA BIOTECH LIMITED** **MR. SUMESH GANDHI – CHIEF FINANCIAL OFFICER – FERMENTA BIOTECH LIMITED**
MODERATOR:	**MR. APURVA SHAH – PHILLIPCAPITAL (INDIA) PVT. LTD**

Moderator: Ladies and gentlemen good day and welcome to Q3 and 9 months FY22 Earnings Conference Call of Fermenta Biotech Limited hosted by PhillipCapital (India) Pvt. Ltd.

This conference call may contain forward looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Apurva Shah from PhillipCapital. Thank you. And over to you sir!

Apurva Shah: On behalf of PhillipCapital Pvt. Ltd., we welcome you all to the Q3 and 9 months FY22 Earnings Conference Call of Fermenta Biotech Limited. We have with us today, Mr. Prashant Nagre – Managing Director, Mr. Satish Varma - Executive Director, and Mr. Sumesh Gandhi - Chief Financial Officer of the company.

I would request the management for the opening remarks post which we will open the floor for Q&A. So, thank you, and over to you, Satish Sir.

Satish Varma: Good morning everybody, it's a pleasure to welcome you all to the Earnings Conference Call for the 9 monthly and 3rd Quarter of the financial year 2022. I hope you are all keeping safe and well. I am joined on this earning conference call with our Managing Director, Mr. Prashant Nagre and our Chief Financial Officer Mr. Sumesh Gandhi.

Let me ask Mr. Nagre to give the operational highlights followed by Mr. Gandhi to give the financial highlights and then we will answer any questions or queries that any of you might have. Thank you very much. Over to you Mr. Nagre.

Prashant Nagre: Good morning everyone and welcome to the company's earnings call.

Firstly, let me start with some good news and the much-anticipated update on our land bank. As you know, as part of our legacy property Fermenta owns about 6.5 acres of preowned land in Thane, which is partly developed by constructing Thane One, an IT/ITES Building. On January 31st the company signed a binding term sheet with Mextech Property Developers, which is promoted by Nandivardhan Constructions Pvt. Ltd. and RRC Ventures Pvt. Ltd, for development, rights to construct residential cum commercial buildings in the balance portion of the land.

This project is expected to be completed within six years of signing the definitive agreement and the revenues are expected to be generated in a staggered manner post the launch of the product. The development partner will be solely responsible for obtaining all approval, permission, construction, obtaining OC, sales and will also bear all the cost of approvals, permissions, premium and the construction of the project. Fermenta in turn will receive 120,000 square feet carpet area as per RERA of residential construction, along with amenities and its share of premises in the project. And the balance area will be owned by the development partner.

Operational Highlights

The volume of Vitamin D3 in Quarter 3 financial year 22 were down by 31% against the Quarter 2 financial year 22 due to lower offtake of Vitamin D3 on human side. However, they have grown by 19% if you compare the nine months of the previous same period.

The volumes of animal feed that is Quarter 3 financial year 22 on the other end grew by 145% against the same quarter last year. However, they were down by 33% on year-to-date that is the nine month period. The prices were also down by 22% year-to-date against the previous year.

To talk about the margins in Quarter 3 financial year 22 gross margins were better by 3.6% over the previous quarter. However, due to lower sales and under absorption of cost, the EBITDA margins have dropped approximately about 3%.

With regard to our German subsidiary, which was incorporated on the 14th of June 2019, there were considerable delays in obtaining the required approvals to execute sales due to COVID-19 pandemic situation. We received the required approvals in Quarter 3 2022 for financial year 22 and also clocked the sales of INR 6.1 crores in this quarter. However, being the first quarter of sales most of the initial trial cost, campaign cost, inventory carrying costs for the last two and a half years were loaded on this quarter which resulted in higher manufacturing cost and revaluation of the inventory resulting in a loss of 8.6 crores in Quarter 3 financial year 22.

With regards to the US subsidiary, it incurred a loss of Rs. 0.8 crores INR for the quarter and INR Rs. 1.4 crores for first nine months mainly on account of lower offtake animal Vitamin D3 volumes due to COVID situation.

Later, let me now invite Sumesh Gandhi our CFO to give financial highlights.

Sumesh Gandhi: Good morning, everyone. And thank you for joining this call today.

Financial Highlights

On a consolidated basis in Q3FY22 the revenue from operations for the quarter was Rs. 93 crores which was an increase of approximately 3.2% on a year-on-year basis, and a decrease of 7%

quarter-on-quarter basis. Operating EBITDA reported was Rs. 2 crores which was a decrease of about 90% on a year-on-year basis, and a decrease of 86% on a quarter-on-quarter basis. Operating EBITDA margin stood at 2.36% while the net loss reported was approximately Rs. 8 crores.

On a consolidated basis in nine months FY22 the revenue from operations for the quarter was Rs. 302.4 crore, which was an increase of approximately 9% on a year-on-year basis. Operating EBITDA reported was Rs. 43.7 crores which was a decrease of about 38.9% on a year-on-year basis. Operating EBITDA margin stood at 14.45%, and the net profit after tax reported was about Rs. 7.8 crores which was a decrease of approximately 80% on a year-on-year basis.

The reasons for the quarter consolidated figures is what Mr. Nagre had just explained during his speech, which was there.

One thing which I also wanted to mention was with regards to PAT, please note that the benefit of Section 10AA under the Income Tax Act for SEZ unit cease to exist with effect from financial year 22. Hence, the PAT for the quarter and nine months is not comparable against the previous year, the same period.

Thank you very much everybody. With this, we can now open the floor to the question and answer.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Jigar Shah from Maybank. Please go ahead.

Jigar Shah: I have a couple of questions. One is this quarter saw a very sharp decrease in the human Vitamin D3 segment. So, can you give an idea whether this is recurring in nature or there was one off? Also the margin performance despite a certain amount of new capacity, backward integration program etc. was very poor. So, can you give an idea that what all were the factors? How is the demand faring now and what is the outlook?

Prashant Nagre: I think what has happened is in the quarter we see a decrease in the human nutrition but the overall fundamental factors on the demand on the human nutrition we see no reason for concern. One of the reasons that we continuously kind of seek is on quarter-to-quarter basis is difficult because the way that the entire revenues are accumulate kind of expressed for Vitamin D3 on human nutrition can differ as well. We also saw that there was in the previous quarter, some higher sales also because of the way that the pandemic had played also. With the recent kind of pathogenicity of the pandemic, and therefore the rush on that in terms of panic buying had also settled. But our overall confidence is that as more and more the pandemic settles down, and we resume life and we get back to work and normalization of life, I think the demand on Vitamin D3 will settle at levels, in our opinion higher than the pre-pandemic levels.

In addition, there are continuously additional documentation on medical side where human nutrition performance for Vitamin D3 is becoming even more important from immunity perspective. So, in the last two months, they were significantly strong articles which supported Vitamin D3 in the human nutrition side. So, we feel that the demand for human nutrition is stable, will continue to be stable. However, we can see certain changes in the pattern from quarter-to-quarter, but I think on a larger horizon, I don't think that is a problem.

On the margin side, I think there were a couple of factors on the margin, which kind of impacted us in this particular quarter. One is, because due to product mix, there was a lower top-line, which was partly also impacted by the human nutrition, but also, because of the animal nutrition demand continues to be on the lower side. And the prices also are in the lower cycle. You know that animal nutrition price plays by a cycle, and that cycle has been still on the lower side. I think it has been that way for few quarters in the past that we have seen. So, that on one side has impacted the lower demand on the animal nutrition, both pressures on the lower cycle of the thing.

In addition, we wanted to do this product of animal nutrition in Europe. And that is where the subsidiary was set up. And we do contract manufacturing of that. So, there were certain costs because this was done in 2019 and COVID has impacted the way that we went about our approvals in that location and we started sales. We were very happy to register the sales, which were close to about a fair share of sales in this last quarter, which was the first time we had sales out of this subsidiary.

And what has happened is there were costs because the last one and a half years inventory carrying costs and everything else got loaded onto this particular thing. And there was revaluation of that inventory as well, which impacted the margins.

Sumesh Gandhi: One more thing here, is that if you see that, on a standalone basis, the gross margins were basically better off so we were higher by 4% vis-à-vis previous quarter. So, approximately 4% was higher, it's more to do because of the sales, which being lower there was an under absorption of the cost which has got impacted on EBITDA margin.

Satish Varma: In the current losses I think you have understood the impact of the revaluation of the inventory that is there in our German this thing, in a way it’s little like the cleaning up process also if there are any further sales of this product cannot be more negative if at all the prices still remain low. That is one point. One of the reason why I am highlighting this is one of the things was inventory was always being discussed. So, this is one portion of the inventory.

And then another thing in terms of the sales, we did see a reduction in sales to a decent amount on a product comparison, on it’s own comparison basis of fish oil cholesterol that we used to sell. You would remember that we had fish oil inventory also built up in the past one year, which was accumulated and most of it or all of it was cleared off in the previous quarter that is Q2. So, there was a reduction in fish oil sales, but previous quarter was a one off because all the inventory could be sold. And now we are coming more or less to our capacities what we have and that revenue should be stable from henceforth.

Jigar Shah: So, essentially, I think from about between 22% to 24% EBITDA margin, your EBITDA margin has almost become half or like more like 13% to 14% in the December quarter. So, when will it become normal, because I am not sure if there is any further write offs that are needed in receivables or the inventories, especially relating to the America and Germany operations, which have been relatively new for the company. And I guess it is dragging down everything because I think some of those investments you might have made in the past, they are now actually coming at a time in the accounts when the overall profitability is weak. So, it is hurting even more.

Satish Varma: You are right. And there is nothing that we foresee that can come as a hit on any of these things like this. See, the US subsidiary before our acquisition was mainly focusing on animal feed. Animal feed still constitutes a large portion of its turnover. So, whether you make profits their or losses their will be also determined by the animal feed market, how it plays out.

I mean in the US you are also aware, we have been telling that now, because we have invested into the company, we are expanding our human side portfolio also to the subsidiary. So, going forward, it should balance out. And our attempt is to see how much more we can grow on the human side, not just be mainly a animal feed player in the US subsidiary. German subsidiary is mainly for animal feed.

Yes, you are right to the extent that the inventory has been revalued. So, that is taken care of. However, the animal feed prices will always play a role on showing how profitable or not it is. If we get into a next cycle where again, you see even half of what the peak you saw a couple of years back, the German subsidiary will be showing much more higher profits and margins than maybe the Indian standalone can show, that will be the nature of the business.

Jigar Shah: And is there any update on the NSE listing?

Satish Varma: I think we have chosen to first finish up the merger so that it is one consolidated Company. We are in the process of the merger as you are aware. We have started applying for NOCs and soon we will go to NCLT. As soon as the merger is over I think once we have a simple structure, then we will. In the middle of the merger we don't want to take on this too, it’s a cumbersome process. This is a simple merger as soon as it gets done, I think it would be much more smoother to do that. Otherwise, imagine the number of documentations that will go to and fro especially in the new listing while the merger process is on. I think that is the delay Jigar, nothing else.

Moderator: Thank you. Our next question is from the line of Nirag Shah from Exemplar Investments. Please go ahead.

Nirag Shah: Can I have a break up between human and animal D3 for Q3?

Sumesh Gandhi: Between animal and human, for the Quarter 3, the revenues were 64.3% was on the human side and 35.7% was on the animal side.

Nirag Shah: My next question was regarding animal feed volume increase that we have seen. I think we have seen 145% increase in volumes for animal dD. So, how much of it has German operations contributed to that? And do we see such pickup in volumes continuing going ahead for animal D3 segment?

Prashant Nagre: Yes we saw this, because it is the first quarter in which the German subsidiary after obtaining all the approval started selling Vitamin D3. And you know that we have done consistently whenever the market had demand for Vitamin D3 feed grade, we had access to that market. So, we could demonstrate and do this sale from there in that quarter. So, going forward, I believe that we should be doing a similar kind of volume, in fact better as we start getting more and more approval. So that approvals, because this is also a product which is kind of a feed grade product with vitamins and stability, and it has got certain procedures by which the customers approve it. So, once we start getting more and more approval, we are very optimistic depending on how the market and the demand behaves we can take a share of that market.

So, to answer your question, this has come all out of Germany, a very small portion of feed is now done out of India a very small portion. So, majority of it is from German subsidiaries. And we expect that even if the market remains at the level where it is we should be in that similar range of volume the prices will get determined by the cycle that the feed plays.

Nirag Shah: But approvals are already in place in Q3 right, as per your presentation?

Prashant Nagre: Approvals to produce are all in place and and the customer approval. There are two different approvals Mr. Nirag Shah, one is ability to sell and the other is would also need customer approvals, not all customers require approval few of them do.

Nirag Shah: My last question is regarding our strategy for fish oil cholesterol product segment. So, do we have any plans to utilize it as RM for VD3 in future or otherwise what kind of market opportunity we see for this product?

Prashant Nagre: So, I will try to answer this. The cholesterol made from fish oil is clearly, the first strategy is to offer for the aquaculture industry where it is used in the shrimp feed and fish feed markets, which will continue to have the kind of volumes which Satish explained in context of another question, which is now regularized. So, in this quarter whatever volumes you saw, I think that is the kind of volumes and prices that you can have, these are kind of stable long term businesses what can be built out of it.

You are right that Vitamin D3 from aquaculture can be utilized for making the Vitamin D3 as a product, it will also require to clearly understand the regulatory path. So, we are currently in that process of evaluating that entire regulatory path. And I think at this moment, I would not be able to disclose more than that.

Satish Varma: From an intent point of view, Mr. Shah desire is to definitely have cheaper than the **wool grease** cholesterol, point number 1. Point number 2, in principle, from a logic point of view, the fish oil that we get is after Omega fatty acids for human consumption are taken out. So, technically or logically, there should not be any reason why we should not look at using this cholesterol for making Vitamin D3 which will give us cost advantage, especially in animal feed segment. Our intent is to explore this and look at the regulatory pathway we need to follow. We are in the process as Mr. Prashant Nagre said, intent is there.

Nirag Shah: Apart from aquaculture, is there any target market for this product only aquaculture segment is the target?

Satish Varma: Currently aquaculture market and after that to see if we can use it in other purposes. Quality wise, we understand that there should not be too much difference between these two cholesterols.

Prashant Nagre: So, Mr. Shah, as Satish has said that the intention is and the preliminary studies technically have been completed and there is no difference in the Vitamin D3 made by this raw material and otherwise made from the traditional raw material. So, that is there. It is just that the regulatory path, no one has done this so, it is something that we are currently exploring how it can be done. And the animal feed is the place where it will have greater impact in terms of competitiveness and that is where we are evaluating it to begin with. I hope to have answered your question.

Nirag Shah: Any update on 25 hydroxy VD3 Project?

Prashant Nagre: **S**o, the proof of concept of doing the 25 hydroxy from novel starting material is already done. We have a lab proof kind of proof. And we are currently completely actively involved in seeing that, how can we quickly finish it's documentation on tech transfer, and also the further optimization of that chemistry for industrial purposes. So, that work is going on, but we are very keenly kind of working on getting the 25 hydroxy.

Moderator: Thank you. Our next question is from the line of Sanchit Agarwal from Little More Investments. Please go ahead.

Sanchit Agarwal: My question is with reference to the land development, presently Thane One is on one acre of the land that has two lakh square feet area with a market value of Rs. 500 crores. The balance 5.5 acre should have about 10 lakh square feet area of developed, with a market value of Rs. 2000 to Rs. 2500 crore. The company should have its share of about 5 to 6 lakh square feet developed, with the market value Rs. 1000 crores. Whereas, the current agreement with share of about 1.2 lakh square feet of developed area is with a market value of only Rs. 200 crore. This agreement is totally against the shareholder interest. We request the management to cancel this deal.

You also at the time of your merger with Fermenta with DIL had said that the land value was approximately Rs. 700 crores. The company should at least get that much value. Please cancel this deal.

Satish Varma: Mr. Agarwal, let me just clarify some facts. The land that is available is totally 6.5 acres approximately out of which we have constructed an IT/ITES building with about 2 lakh square feet of saleable area or leasable area whatever, so let's say leasable area. Out of which we occupy about 35,000 or 40,000 square feet we ourselves occupy for our office requirements.

Now, when you said that the building itself is 500 crores. No, we always said that we have three land assets, three real estate or land assets or fixed assets, one is Thane One, Thane One includes the land and the building sir. We have never claimed that the building itself is worth Rs. 500 crores. You can look at the ready reckoner rates of IT/ITES in Thane, you can look at market rates, because there are transactions happening and you can multiply it with the square feet and you will have your answer. The Rs. 500 crores was never a statement.

We had said that Thane One land building and our other two assets, one in Pune and one in Worli should be close to approximately Rs. 500 crores was always our statement. That is for the fact part of it.

Number two, the deal that we have done is for constructing on the balance portion of the property. I am sure most of you are aware that we have been in the market for the last almost three, three and a half years to monetize these assets. After evaluation, it's not that we didn't get any proposals or any interest over the last three, three and a half years. But nothing made sense to us. After various discussions with various people the best offer that we got was for the balance portion of the land to be developed as a residential cum commercial building complex, mainly residential building basically, that might have a little commercial on the ground floor or so but it's mainly residential. And after discussing with various people, this was the best offer on the table over the last three and a half years. Let me be amply clear on that.

Now balance potential of the land to be constructed another one million and 2000 crores value and all, you are nowhere near the reality.

Moderator: Thank you. We will take our next question from the line of Rohit Suresh from Samatva Capital. Please go ahead.

Rohit Suresh: My first question was on the competitive landscape so **(Inaudible) 30.49** China, they are also putting up some human feed capacity. I just want to know one day come up, will the prices that have been stable over the past few years will you see a situation where they start being more volatile like the animal feed prices? If you could just give a comment on that, first.

Prashant Nagre: Rohit, there is already a significant amount of capacity in China and that situation has not changed. And the kinds of capacities that people are now announcing in China, is actually if you go into the detail, it is they are really kind of organizing their manufacturing locations, away from the urban centers into the new economic zones, because of the pollution and other local issues there. So, I do not see that it is per se, an incremental additional capacity. But obviously, what they announced, which is known in the public domain is, I mean, one player can announce capacity equivalent to twice the size of the total overall market. So, I do not know how much truth is there on that.

We have been trying to put some reasoning into the cycles of Vitamin D3 prices and the events outside. And in the last decade or so we haven't been able to correlate any event from the external market to a price movement on Vitamin D3. I do not think that a capacity or a new plant announcement changes the way that the prices move in Vitamin D3. I believe that whenever the cycles are low, where they are currently the stress would be experienced by all the players. And then we play a very small part of the overall market share in this particular field so we follow the prices. So, I am not particularly worried about the statement that you made.

Rohit Suresh: My second question was on the US subsidiaries. So, I understand right now, majority of our sales is in the animal segments, in the next two to three years, do you guys have any internal target, how much the contribution from the human side, because that is where we are trying to increase our focus on, it's a more stable market. So, what are the opportunities and any revenue targets that you could share?

Prashant Nagre: So, Rohit, first, thank you so much for recognizing that because you have clearly made an informed kind of comment that we do want to kind of balance the portfolio, even in USA. We started off with this particular place, with purely the animal feed as the major product, most of it completely going into the animal nutrition side. However, just to balance and also the US market on nutrition remains one of the most leading markets. And we wanted a better share of that on the human side. So, we have started concentrating on the human side. We started participating in the value-added format of the Vitamin D3, which both comes in a powder format and an oily format, which are value-added formats and also the plain crystal vanilla product that we have.

So, on all the three front I think in the last two years, we have made significant inroads, in the American market on this. And going forward also, we firmly believe as we get more and more approvals from the customer and we become part of their supply chain. A greater amount of market share is possible to be obtained in those markets. So, we remain bullish, we remain very focused on animal nutrition.

We are also exploring other possibilities where we can do the value addition at a large step, within European or American setup so that we are closer to the market, the way that we are on animal feed in Europe. And I think all of that is going in, the next three years should have.

You asked another question as to what is the projection. So, I think a healthy percentage is if I have all the control on the business and the way that the prices and the volumes and the demand is a healthy percentage is anywhere between 45% and 50% balanced between both this market, so that we are kind of insulated. So, that is the aim also in US that we increase the share of human nutrition to that level in that market.

Rohit Suresh: Just one clarification in the human segment right now we don't have a formulation on the powder formulations, right? We only manufacture the liquid part if I am not mistaken?

Prashant Nagre: No. So, Rohit, let me clarify and correct you there. We have oil formats, which are just dissolved formats and stabilized formats in different oil. And we almost offer all the products that are there on the oil format. Just to add, we have also applied for world's first Certificate of Suitability for the oil format in European Union as well. And we should be receiving that approval pretty soon.

So, we are completely with all the formats available on the oil format side which you are right. We also have the powder format, which is called as the cold water-dispersible, it is manufactured in India and exported. And it has got different strengths. So, this product is also available and is being exported to US as well as Europe, both the location.

So, we do have format of powder and we have also developed additional format, which is a spray dried format of this. And that product, currently we are looking at manufacturing it either in India or outside. And that is the effort on that front. So, we will have more variants of powders. But we already have a product and portfolio on the powders and it is currently exported. And it has been there for a few years. But we started getting increasing interest in the marketplace on our formats.

Moderator: Thank you. Our next question is from the line of Suhas Naik from Kriya Capital. Please go ahead.

Suhas Naik: I have slightly a broader question, there is volatility in the performance of the company. So, say if we want to make this business more predictable in terms of performance and margins what are the steps you need to take? Or you expect this volatility to continue forever?

Satish Varma: Mr. Suhas, current mainstay of the business as you are aware is Vitamin D3. 80% of the volumes of which go into animal feed on a global basis, although we have a smaller portion of the global market our focus has always been in increasing our human market share. Even the minimal percentage of global market share that we have, will look like a larger share between human and animal as far as our own company is looked at, because of the 80-20 distribution globally on the volumes.

If we stay only in this field, and as long as animal feed is commoditized, it remains a commodity, and China dominates and keeps fluctuating the prices, you will continue to see the variations, and volatility.

However, coming to your next question what do we do about it -- option is very simple, while you continue to build your strengths on Vitamin D portfolio, growing in the human, trying to bring down your costs, all the exercises which we are doing, including looking at other raw material sources or other technologies including whether it is fish oil cholesterol or whether it is Vegan D3 that we have to look at as a long term thing, all those exercises while they are going on, we need to increase our basket which is the most important thing that will help us reduce this volatility.

As you have seen, we have introduced the fish oil cholesterol, which is throwing in some steady returns. Similarly, we are looking at starting the premix plant, which should in another let's say 8 to 10 months, I hope we will have that plant up and running.

Apart from that, of course, when I say Vegan D3, you can look as a part of D3, or you can look at it as a separate business that is going to give us again, a bigger basket of product or products.

Further expansion into other products, we are waiting for us to be comfortable with the bandwidth of resources that we have in terms of starting the investments into our growth through the Saykha land that we have for the new plants. We have, I think the monetization of the real estate will play a large role in helping us achieve that.

Suhas Naik: Can you tell me where you see this company three years down the line do you have any brief idea about where we can see this, say three years down the line?

Satish Varma: Our intention is as much as we can reach the Rs. 1,000 crore turnover mark in the next five to six years is our aspiration. We are decently confident, but time will only tell, but that is our aspirations.

Suhas Naik: One last question is on the real estate side, we are ourselves co-developing this property, wasn't it good to sell outright actually the land parcels -- instead of becoming a real estate developer in a way?

Satish Varma: That was an option Mr. Suhas. You are right, that was an option, but the returns on that were far, far lower than this proposal. We have gone through various rounds of discussions with various parties, shortlisted parties. We have done enough due-diligence and all those things. And here, although it says joint development, our contribution is just the land. We are not expending any bandwidth in making this happen. So, whether it is time or money, I don't think so there is any much role to play as far as our company is concerned, our entire management will be focused on the business, and this is taken care of by someone else. Just because the land has been monetized, doesn't mean that we are not looking at monetizing the rest.

Suhas Naik: And what were cash flows you are expecting, from this current whole development? What kind of cash flows one can expect over the next four years?

Satish Varma: As we stand today, I can give you three numbers. One is the area share that we will get is about close to 120,000 square feet. The RERA rate is about 16,000 as of today. The market with the buildings near to us and all that is closer to about 17,500 to 18,000. That is the number that we see, as of today. We expect our returns, the project to be launched once they get all the permissions and approvals. You will be aware that we are yet to sign the Definitive Agreement that will take about another one and a half, two months, post which they should get their approvals and launch the project. And once they launch the project, I think it will take about three, four years or five years as the bookings happen for us to start receiving the money maybe from the first year, up to another two or three years or so. And how the market for the real estate will be whether it will be at that 17,500 and 18,000 or it will fall down or it will go up, I think its anybody guess.

Suhas Naik: That I understand, that nobody can say yes.

Moderator: Thank you. Our next question is from the line of Nikhil Shetty from BP Equities. Please go ahead.

Nikhil Shetty: So, on operation side can you provide more clarity on German subsidiary, I mean, how much revenue it can generate at a full scale? And what is the breakeven level for the German operation? And whatever the cost you incurred in this quarter is this a recurring or it's a one-time?

Satish Varma Nikhil, German subsidiary what will be the revenue that we should expect, now, as I said our market share globally is close to about 5% of the global volumes, which (global volumes) is about 10,000 to 12,000 metric tonnes was the volume before pandemic, which has dropped in this pandemic period. Our intention is to see that our entire animal feed portfolio which is in the powders, not oil goes from Germany.

What will be the revenue will purely depend on whether the prices are at $10 or $20 or $30 that will determine the revenue from there. As far as breakeven is concerned, I think yes the costs were loaded, we are confident that a write-off or revaluation or there is no write-off per se to be very honest, there is no write-off right per se, it is mainly either losses incurred on goods sold or revaluation of the stocks that we are sitting on, so that exercise is done and over with. Any margins whether it is good margins or negative margins, again will be determined by the prices of feed in the market.

Nikhil Shetty: I mean, what is the average price for animal feed during the Q3?

Satish Varma: I think we have given a chart in our presentation.

Nikhil Shetty: Yes, but it's only FY21. So, I mean the quarterly number is not there.

Sumesh Gandhi: Quarterly number has been updated. So, quarterly number it was there between $12 to $14 that was a market which was there. We have it in feed info which is there. What has been updated is for the full year over there. But for the quarter, it was about $12 to $14 as per feed info.

Nikhil Shetty: So, still it is at a lower level only.

Prashant Nagre: On the animal feed side I would look at it this way that the volumes are picking up almost the prices have bottomed out because we are not seeing any further erosion from the levels where they are now. And we are not seeing the old lows which we have also seen in the old times, prices going in the single digits and all that has not happened they are staying stable at this level after having dropped to this level.

Today or tomorrow, we believe that there will be a change in this cycle. Obviously, you or me, both cannot predict the timings. But historically, that has to happen if we look at the data, okay, it has only to go up from here. So, I think things should look up in the long run and this is the bottom line. So, that gives you complete clarity on the way that this will work.

Nikhil Shetty: My question is on the Saykha CAPEX. So, you talked about the funding the CAPEX through selling the rest of real estate asset. So, how much value is there, we can generate post selling the remaining real estate asset to fund the Saykha CAPEX?

Satish Varma: Nikhil, we have given an indication, just now I explained when I was answering Mr. Suhas about the development deals that we have done. On the rest of the IT building, I think we have about two lakh square feet. We will see how to monetize that. If you are asking me what is the market prices and all that, they are closer to about Rs. 9000 or something like that in the market the deals that we see going around, like give or take about 2% to 3% here and there. Not too much, or maximum 5% depending on the location, depending on the size of the area and all those things, that is the thing.

Now we have about 10,000 square feet in Ceejay House. After BKC I think the demand has subsided for the Ceejay House, I mean for the Worli properties. So, we are waiting, we don't want to do any desperate sale over there. And we have a land in Takwe should be close to about anywhere between Rs. 30 crores to Rs. 40 crores, I would say in terms of value that is in the market. So, these are the other real estate assets that we have.

Nikhil Shetty: So, just wanted understand you are guiding the Saykha CAPEX, but it is getting delayed. So, I mean, that is the main growth driver for the company, I believe, because there you are going to manufacture many nutraceutical products. So, I don't have a clear vision I mean when you are going to --

Satish Varma: I will try to answer this Nikhil, (1) You would have noticed in the previous call also we have mentioned that we started, we are not waiting for everything to happen in Saykha. So, we are being dynamic in our plans. So, we started a premix plant in Kullu. So, about Rs. 40 crores of investment, we are doing in Kullu itself, to achieve that particular part of the basket expansion that is happening. So, what we are doing is to see if in our existing plants, what else can we accommodate, at least to take off on the basket side, so that we are ready with larger capacities when Saykha comes in. So, we are doing a combination of both.

Now that we have more or less done a major portion of our real estate monetization plans are in place, in motion I think the wait should not be too long now for us to kick start Saykha.

Moderator: Thank you. Our next question is from the line of Anoop Nambiath from Equity Intelligence.Please go ahead.

Anoop Nambiath: Just was trying to understand this Thane deal a little bit more in detail. So, you said that we have around 6.5 acres of land, how much of it is occupied by Thane One currently and what would be the remaining extent of the land, where this new development will happen? Secondly, what will be the total size, carpet area that will be developed in this new development wherein our share is of 1.2 lakh square feet?

Satish Varma: Mr. Nambiath, 6.5 acres I think about 28,000 square meters is what we have, as per our documents and area in possession is a little lesser because of DP roads and things like that. The balance potential for a real estate could be anywhere between 600000 to almost up to 8,00,000 maybe, that's our estimation, the best estimates that we could look at. The land is not being divided. So, how much portion of the land is being occupied by the IT/ITES and all that is not there, the whole land looked at jointly, how much FSI has already been consumed, and what balance FSI they can consume from a residential point of view, I think that would be the calculations that they will do.

We are not even sure whether the land can accommodate the entire potential of 800,000 or not, also that is up to the developers to look at. As we didn't want any involvement or role in what will happen or what is the total size that they can make we were more clear on what we want in return for our contribution in the form of land. After looking at various options of what the value of the land could be, if we subdivide this and just give away the land. This was technically going to be very challenging because the IT building is at the back most portion of the land. So, the access, everything again is going to be through the land if at all we sell through that land and all that. So, again, you are still cutting down portions for that. Value of giving away the land whether we are getting much more significant returns, in terms of doing this kind of structured deal and based on that we have asked for the negotiated and got the area that is 120,000 square feet.

Anoop Nambiath: That exactly is the point, what we were trying to understand is, earlier also one participant had ask, whether wouldn't it have made sense to sell the land in a hot place like Thane rather than go for the 1.2 lakh square feet deal. So, that is certainly what was we were trying to understand.

Satish Varma: No, we have looked at that option, it's not that we have not looked at that option, the returns that we anticipate out of this is far higher than selling the land as it is, even with the discounts and all those things it's far higher.

Moderator: Thank you. Our next question is from line of Pankaj Gupta from PGCO. Please go ahead.

Pankaj Gupta: I have a very small question. I will just take forward that question asked by Mr. Sanchit Agarwal, this land deal is it in the interests of the shareholders? It appears that the value of the deal should be more than what the company has entered. So, my simple question is, would the management mind in cancelling this deal? And is it in the interest of the shareholders?

Satish Varma: Thanks, Pankaj, we have been in the market for quite some time. We are 1000% confident that this deal is in the interest of the company and its shareholders, there are no two doubts about that. And it's very important for the future of the company and it's shareholders, there is no two doubt about that, Mr. Gupta.

Moderator: Thank you. Our next question is from the line of S. C. Gupta, an individual investor. Please go ahead.

S. C. Gupta: I am an investor in this company for last 30 years. And the land deal, which is right now being talked about is all appears to be a mess. The answers are not very clear. Look at the aspects that Thane One is constructed over one acre of land that has been talked about many times in the previous con-call. And this one acre gives a leasable area of two lakh square feet. If I construct another building in the remaining area of 5.5 acre, only one acre, I will be able to get around two lakh square feet. And today the rate in Thane is Rs. 20,000 to Rs. 25,000 for the commercial building. So, that building itself will be worth Rs. 500 crore. And if I go by the costing, which is the costing for the development, is around Rs. 8,000 per square feet, if you add anything else also it can maximum go up to Rs. 10,000.

So, look at how much undervalued we have done this deal. We have been talking about that we have been monetizing these assets which are worth Rs. 500 crores for last four or five years. And in five years, the land prices and everything, everybody knows in this conference call has more than doubled, if not more. And we are talking about that we have settled, we have done the due-diligence for this deal and selling it. If NAV I calculate, this as per you it is Rs. 16,000 into 1.2 lakh, it is only Rs. 190 crore that too receivable over six years. What you are talking about is it not a simple money laundry.

Please look at this, this is not that you can fool the shareholders every time, you have been talking about this deal for years that we will monetize it, you have to monetize, you have 160,000 square area available in your Thane One, sell it. You will get much more than this amount. But why you are undervaluing this deal? I want a very specific answer what are --?

Satish Varma: Sure, Mr. Gupta, I think I have answered one point of your first point that you tried to raise, a little earlier, in terms of what the values that we see in the market are. (1) This is an IT/ITES building, it's not a commercial building that we are sitting in. It's not a commercial building it's an IT/ITES building. I have even given you the rates that are prevailing in the market. I am not even getting into ready reckoner rates, sir. It is not even half of what you tried to mention.

(2) Of course, our intent and desire was to see if it could be further IT/ITES construction, not a commercial construction where the FSI would be far lower than the two lakhs that we did here, for the land that we occupied, let's say one acre. If it is commercial, it will be far, far lesser, because it's an IT/ITES, IT/ITES you have, now, 1:3, as a development potential, not on commercial sir.

And further development could happen on an IT/ITES. Our desire and aspiration, and intent was to see if someone can come and develop that IT/ITES portion. But there are no takers sir. The interest in this portion of the land that we are seeing across the board after three and a half years in the market is for residential. We have come to digest that and in the interest of monetization.

Now, let me tell you, selling the two lakh square feet is what you were mentioning that you please sell that, that is not off the table sir, that is still on the table. But please understand that having brought in more people into the ownership of the premises and then, further after that having to find some similar structure like this for the development on the balance land we saw that as a bigger challenge. So, first, we want to finish with this. Now, if you have some data on the accusations you are making, or the numbers that you are trying to throw, please sir, share that data.

Sumesh Gandhi: One, just clarification I want to make where it has been stated that Rs. 500 crores goes for the building, I would want them to look at the Slide#18 of the Investor presentation, which has been there for all the years, two years, three years, which has been there. We have very clearly mentioned for the real estate, the 45 acres of Takwe, Pune, 10,000 square feet of Worli, 2 lakh square feet of leasable area in Thane One, and six acres of freehold land at Thane One, which constitutes real estate and the approximate market value of that real estate is Rs. 500 crores. So, Slide#18 very clearly states that it was not the Thane One, but all of this put together.

Satish Varma: And this has been consistently been mentioned for the last maybe about 12 quarters.

Sumesh Gandhi: Yes, it's there in the Investor presentation, Slide #18. And the facts have not changed. The facts are all there.

Moderator: Ladies and gentlemen, in the interest of time, we would request you to please limit your questions to one per participant. Our next question is from the line of Chirag Mehta from Chirag A Mehta & Company. Please go ahead.

Chirag Mehta: Just wanted to like what is the future outlook of the company because the gentleman said like last two years, there is hardly any, you know, from the share price, on the investment what we have made. I do understand the volatility of the product and all that, but where do you see our company from here like, you said the Rs. 1000 crores and all that, but can you still throw some more light on that? Considering the management pedigree we have no doubt about you guys what you are doing. And considering the challenges what I understand that you all are facing. But still because of the management pedigree, we are there in the company still as a investor, can you throw some light like what is the future outlook of the company?

Satish Varma: Chirag, I don't think so we would be able to comment anything on the share price. I would restrict myself to the business. We all would restrict ourselves to answering anything purely on the business side. Some of you are long-term shareholders in this company. Some of them have been there for 30 years or more even. Please look at the entire history. I think at every stage the company has been transparent about every single thing that we have done. We were a large pharmaceutical company. We demerged, became a Rs. 10 crore turnover company, grew it to a Rs. 400 crore as we stand today. This is all in front of you.

We have not tried to hive off lands 15, 20 years back when the values were low. We are trying to monetize it when we feel that the values are appropriate and the business needs that money. You will appreciate that point also. We have been completely transparent on every single step that we are taking in terms of whether improving the current product, whether it's in market share, whether we are backward integrating, whether we are expanding capacities, everything we have always been transparent. We have been transparent on every single aspect of whatever we are investing and plan to invest in the expansion of basket point of view.

We are doing all this after we believe and come to a consensus agreement in the business growth plans and making these investments. And whatever statements we make are what we believe as our aspirations that we are truly putting forward. Now, whether it will take that four years or five years or six years for us to reach our aspiration, we all believe that we are in the right direction. It's a matter of time.

Moderator: Thank you. We will take a next question from the line of Vijay Gupta, an individual investor. Please go ahead.

Vijay Gupta: My question is regarding the Slide#15 of your Investor Presentation on consolidated performance of the company. So, on this slide, if you look at, since 2019, last four years, our turnover has remained more or less Rs. 400 crores, correct. Our EBITDA, however, has gone down from 37% to 14%. And our PAT has gone down from 29% to 3% during this period. And despite this happening, the salaries and the commission which are being paid to the Board and Senior Management has increased by about 50%. So, what I want to understand is the management creating value for the shareholder or is it the other way around?

Satish Varma: Your questions were first on over the last three years where we stand. If you look at the first year, when we touched that Rs. 300 crores or Rs. 400 crores, you would appreciate that it has been purely done on animal feed prices, which were at record highs. If you look at over the last two years, the growth in terms of all the investments that we have done in terms of capacity expansions, market reach everything is what is throwing up the results. I know you can just look at from FY19, I can say, why don't you look at where we were at FY17 or FY16 for that matter. The company has grown. And it would have normally taken this five six years, if you didn't see the abrupt jump in between because of the extraordinary prices that came in animal feed.

Now, management, remuneration and commission, I would like to answer this in two portions. (1) The company has grown large, larger. There are many more senior people that have been added over the last three, four years. (2) As far as the top management is concerned, and their remunerations are concerned, you will appreciate that significant portion of the remuneration to the senior management or the executive level people is linked to profits. It is not just that the compensation has been just jacked up and increased like that. A significant portion of it is linked to profits. If we are not making profits, they will not get that kind of compensation. If we are making profits, they will have a share in the compensation.

Moderator: Thank you, ladies and gentlemen, that was the last question. I now hand the floor back to the management for closing comments. Over to you, sir.

Satish Varma: Thank you, gentlemen, for participating and taking out your time to be in this call. If you have any further questions, you can please reach out to our Investor Relation Managers at Valorem Advisors. Thank you so much.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Phillip Capital (India) Pvt. Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your line.