



**WHITE
ORGANICS**



it's Pure

Reimagining Reshaping

**White Organic Retail Limited
Annual Report 2022**

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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WHITE ORGANIC RETAIL LIMITED
CIN: L01100MH2011PLC225123

ANNUAL REPORT 2021-22

COMPANY AND MANAGEMENT DETAILS

Registered Office:

Wing A, B & F,
Unit No. 2001-2002, 20th Floor
Lotus Corporate Park,
Goregaon East, Mumbai 400063

Statutory Auditors:

Guptaraj & Co.
Chartered Accountants,
2-C Mayur Apartments,
Dadabhai Cross Road No.3
Vile Parle (West)
Mumbai- 400 056

Register and Transfer Agents:

Link Intime India Pvt. Ltd
C-101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai – 400083.

Board of Directors

Ms. Ishita Gala – Managing Director
Mrs. Karishma Kaku – Non-Executive Director (Appointed w.e.f. April 14, 2022)
Mr. Tejas Chheda – Non-Executive Director (Appointed w.e.f. September 3, 2022)
Mr. Prashant Rupani – Non - Executive Director (Resigned w.e.f. February 7, 2022)
Mr. Darshak Rupani – Managing Director (Resigned w.e.f. April 14, 2022)
Mrs. Jigna Thakkar – Non-Executive Independent Women Director
Mr. Pritesh Doshi – Non-Executive Independent Director
Mrs. Archana Chirawawala – Non-Executive Independent Director (Appointed w.e.f. September 3, 2022)
Mr. Abhay Sethia – Non-Executive Independent Director (Appointed w.e.f. September 3, 2022)
Ms. Sneha Zabak – Non-Executive Independent Director (Appointed w.e.f. September 3, 2022)

Key Managerial Personnels

Ms. Meghal Mehta – Company Secretary and Compliance Officer (Appointed w.e.f. February 7, 2022)
Ms. Ankita Satwara – Chief Financial Officer (Appointed w.e.f. September 3, 2022)
Ms. Rupal Narvekar – Company Secretary and Compliance Officer (Resigned w.e.f. January 5, 2022)
Mr. Ronak Desai – Chief Financial Officer (Resigned w.e.f. May 21, 2022)



My Dear Shareholders,

It gives me immense pleasure to write to present the Annual Report for FY 2021-22 to you. This is the first annual report of the Company after its migration to the Main Board on the BSE Limited and after the takeover of the Company by Suumaya Retail Limited, a wholly owned subsidiary of Suumaya Industries Limited. Thus, I proudly welcome you to the Suumaya family. I would also like to congratulate the shareholders for the Company being listed in the top 2000 Companies as on March 31, 2022 as per the market capitalisation.

This being the very first year after taking the reins of the Company in our hand, I assure you the same level of trust, faith and growth.

Our Strong Financials

The year has been extremely important in the history of the Company along with being financially promising.

When the economy saw a slowdown and a drop in demand owing to the uncertainties for the returning pandemic and the glooming war, your Company stood focussed on its business operations and working for better results.

On the back of our sharp focus on business sustenance, and our ability to sustain operations amidst the pandemic, we registered a top-line of Rs. 7,716.63/- lakhs in 2021-22 compared to Rs. 6,202.21/- Lakhs in 2020-21. The Company registered a profit after tax of Rs. 668.53/- Lakhs as compared to Rs. 24.39/- Lakhs in the previous financial year.

Our strong financials are a proof of our endeavour in aiming for success and the enthusiasm of our team here at White Organic Retail Limited to do the best.

REIMAGINING, RESHAPING- THE YEAR OF TRANSITION

My dear shareholders, this year has been a year of transition for the Company. Firstly, due to migration from SME Platform of BSE Limited to Main Board of BSE Limited and secondly, due to the major shift in the promoters and management of the Company. Pursuant to the Company's takeover by Suumaya Retail Limited (SRL), the company comes under the larger umbrella of Suumaya Group.

Suumaya group, an emerging Diversified Conglomerate has marked its footprint into Food & Beverages Retail business through inorganic route. "Suumaya Group" has emerged as one of the unique player in the entire Agri Value Chain from Seed -to- Fork. The company is one of the leading player in the Agri commodity segment by posting robust performance over the last three quarters. The new young and energetic management of the "Suumaya Group" is all geared up for the strategy for company's next phase of growth.

Our journey towards re-imagining and reshaping the face of the Company has begun with young millennial minds at work. I am also acutely aware that the Company has a precious legacy of values, social consciousness, and integrity that has come down to us from the days of the founders and promoters. Suumaya group also has a well-established legacy right from the time it was founded in the year 1985. The young generation and current management took the legacy of the Company forward. With their zeal and enthusiasm, Suumaya is where it is today. This legacy is not just a source of great pride; but an inspiration to work to create better values for our stakeholders. It is a legacy I pledge to strengthen and deepen.

Your Company's philosophy is to achieve long- term value to serve the best interest of all stakeholder-shareholders, customers, employees, Government and the society.

Thus, with the foundation laid by the past management and our zeal to achieve excellence, we are very optimistic that this transition will reimagine and reshape the goals of the Company for its shareholders and other stakeholders to achieve their worth for contributing in the growth of the Company.

I wish to thank my colleagues on the Board and team of White Organic Retail Limited, I thank our shareholders for the confidence and faith reposed by them in the new Board and the Management team, which has in my view is encouraged to take on more challenges. Through tireless efforts, dedication and commitment of our team we now and look forward to Reimagine and Reshape the Company and wishfully hope to have glittery business performance in the years to come.

**Yours Truly,
Ishita Gala
Managing Director**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMIC REVIEW

The Global economy showed early signs of recovery in the start of FY 2021.

The World Economic Outlook update of January 2022, it was forecasted that the Global growth was expected to moderate from 5.9% in 2021 to 4.4 % in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies. Due to new COVID variants and the onset of Russia- Ukraine crisis, the global recovery decelerated and a rise in inflation was seen in the developed as well as developing nations.

Elevated inflation is expected to persist for longer than envisioned with ongoing supply chain disruptions and high energy prices continuing in 2022. Assuming inflation expectations stay well anchored, inflation should gradually decrease as supply-demand imbalances wane in 2022 and monetary policy in major economies responds.

The emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Moreover, supply chain disruptions, energy price volatility, and localized wage pressures mean uncertainty around inflation and policy paths is high. As advanced economies lift policy rates, risks to financial stability and emerging market and developing economies' capital flows, currencies, and fiscal positions—especially with debt levels having increased significantly in the past two years—may emerge. Other global risks may crystallize as geopolitical tensions remain high, and the ongoing climate emergency means that the probability of major natural disasters remains elevated.

Global trade hit record high of \$28.5 trillion in 2021, but it is likely to be subdued in 2022 in the backdrop of the Russia-Ukraine war, as efforts to streamline the supply chains and diversify suppliers could affect global trade patterns. Governments and central banks across the world are mulling over policy response to curb the rise of inflation. According to the World Bank's latest report, global economic growth is expected to moderate from 5.5% in 2021 to 3.2% in 2022 due to the impact of the Russia-Ukraine crisis and higher food as well as energy costs across the world.

However, the consumer demand was brought back after the bleak scenario posed by the looming pandemic. The introduction of the vaccine and mitigation of the threat brought back the demand and confidence that was lacking the year before. This is reflected in the fact that the global consumer confidence reached 115 in Q3, seeping into Q4. Thus giving an optimism to global economy.

(Source:IMF)

Indian Economic Overview

The nation's economic condition has had an interesting 2 years ever since the pandemic. The events and the consequential impacts can rightly be termed unpredictable. On a general level, we've faced the shadow of the pandemic in the guise of multiple waves. The ensuing lockdowns and on-again, off-again mobility restrictions created a floating fear cloud on top of the economy.

With the vaccination programme having covered approximately 60% of the eligible population, it helped in building the economic momentum with lesser infection rates, thus boosting the productivity towards re- building the economy that was decelerated due to COVID- 19.

The Indian economy was estimated to grow around 9% in FY23 as per the report published by the International Monetary Fund (IMF). However, due to certain risk factors like escalation of Russia- Ukraine conflict, rise in commodity prices, higher inflation and global growth slowdown, the IMF in July 2022, slashed India's estimated GDP rate for the FY 2022-23 to 7.4%.

Meanwhile, India's GDP grew at a slower pace at 4.1 per cent in the January-March quarter of the financial year 2021-2022, according to the data released by Ministry of Statistics & Programme Implementation (MoSPI) in May. The slow growth was mostly due to soaring prices and the subsequent hit to consumer spending and investments. Furthermore, for the full fiscal, the GDP was estimated to grow at 8.7 per cent in 2021-2022 as compared to a contraction of 6.6 per cent in 2020-21, the government data had added. *(Source: Business Today)*

Going forward, the Government's thrust on capital expenditure and exports is expected to enhance production capacity and strengthen aggregate demand. The conducive financial conditions engendered by the RBI's policy actions are expected to provide stimulus to investment activities. Capacity utilization is rising, and the outlook on business and consumer confidence remains in optimistic territory, which should support investment as well as consumer demand. Overall, there is some loss of the momentum of near-term growth with global factors turning adverse. However, the domestic growth drivers are gradually improving.

Global Industry Review

The global organic food market size is predicted to garner a revenue of \$484.0 billion in the 2022–2030 timeframe, growing from \$168.5 billion in 2021, at a healthy CAGR of 11.77%.

Rising awareness about organic food among people across the world is one of the factors that is projected to accelerate the growth of the organic food market. Moreover, rising public concern over the use of hazardous chemicals in agriculture & farming, as well as their detrimental health effects on consumers, has resulted in an increase in demand for organic foods globally. In addition to this, rising prevalence of chronic diseases such as cancer, diabetes, and cardiovascular diseases, infectious disease, as well as the burden of healthcare expenditure and the health-consciousness trend is driving consumers to adopt healthy and high-quality foods and beverages.

On the other hand, the high cost of production & operations, as well as the short shelf life is expected to limit market growth. Furthermore, expensive product cost is preventing widespread customer acceptance, and limited product selection possibilities are also limiting market expansion. All such factors are restricting the market growth of organic food.

The size of the global organic food market is expected to be \$484.0 billion in the year 2030, growing from \$168.5 billion in 2021. Asia-Pacific organic food market is anticipated to grow at 14.38% CAGR during the forecast period.

According to the regional outlook, the North America organic food market is expected to create massive growth opportunities for market investors by growing at a CAGR of 12.7% during the review period owing to the presence of large number of retail shops such as Walmart, Costco, and many others.

(Source: Research Dive Analysis)

Indian Industry Review

The organic foods market in India has almost quadrupled in size in last three years with domestic market standing at around INR 300 crore and export market at around INR 700 crore. The growing health consciousness and awareness about the organic products have helped clock further scalable reach and critical mass over the past few years. The market which started off by occupying a handful of shelves at retail stores has nearly tripled its shelf space over the last five years. According to industry estimates, organic food market in India is projected to register growth at a CAGR of over 25 per cent during 2015-20.

In light of the health benefits associated with consumption of organic food and rise in the number of diseases on account of excessive chemical contamination of conventional food, the preference for organic food is growing rapidly. The gradual emergence of organic food as an essential part of the daily diet among the upper-class population in India is also an encouraging sign towards the bright opportunities available for this sector in coming years.

In terms of exports, traditional markets like US, EU, Canada, Switzerland, Australia and New Zealand are among the largest consumers of organic products from India. While Europe and North America continue to be the largest consumers of organic food, the organic food market in Asia is expected to account for the highest growth rate over the next five years. In fact, the growing opportunities beyond the traditional export markets can provide additional growth avenues for Indian exporters in coming years.

(Source: IBEF)

• AREA

As on March 31, 2020, total area under organic certification process (registered under National Programme for Organic Production) is 3.67 million Hectare (2019-20). This includes 2.299 million ha cultivable area and another 1.37 million Hectare for wild harvest collection. Among all the states, Madhya Pradesh has covered largest area under organic certification followed by Rajasthan, Maharashtra, Gujarat, Karnataka, Odhisa, Sikkim and Uttar Pradesh.

As per the available statistics, India's rank 8th in terms of World's Organic Agricultural land and 1st in terms of total number of producers as per 2020 data *(Source: FIBL & IFOAM Yearbook, 2020)*.

• PRODUCTION

Currently, 59.12 lakh hectares area has already been brought under organic farming in India as certified by the National Programme for Organic Production (NPOP) and Participatory Guarantee System (PGS). India ranks fourth in terms of certified area globally, according to a report published by the Research Institute of Organic Agriculture (FiBL) and the International Federation of Organic Agriculture Movements (IFOAM) Statistics 2022.

India produced around 3496800.34 MT (2020-21) of certified organic products which includes all varieties of food products namely Oil Seeds, fibre, Sugar cane, Cereals & Millets, Cotton, Pulses, Aromatic & Medicinal Plants, Tea, Coffee, Fruits, Spices, Dry Fruits, Vegetables, Processed foods etc. The production is not limited to the edible sector but also produces organic cotton fiber, functional food products etc.

Among different states Madhya Pradesh is the largest producer followed by Maharashtra, Karnataka, Rajasthan and Uttar Pradesh. In terms of commodities Oil seeds are the single largest category followed by Sugar crops, Cereals and Millets, Tea & Coffee, Fiber crops, fodder, Pulses, Medicinal/ Herbal and Aromatic plants and Spices & Condiments.

• EXPORTS

Between 2019-20 and 2021-22, a total of 1,978,460.38 million tonnes (mt) of organic products valued at \$2,480.24 million were exported. About 50 per cent of these exports went to the US while 37 per cent went to the European Union (EU).

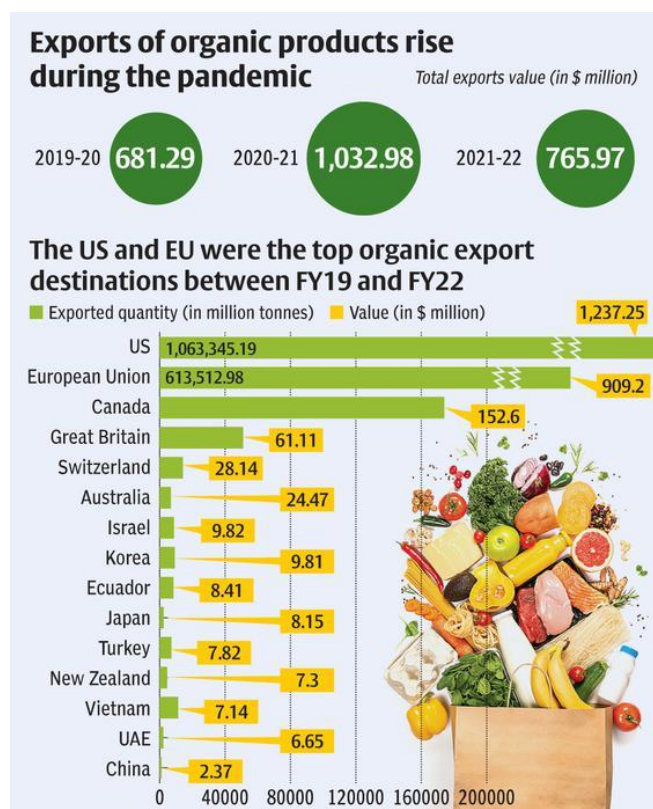
Canada and the Great Britain were the next largest export destinations for Indian organic produce. The US and EU together comprise 87 per cent (in value) of the market. Interestingly, India exported 1,062.15 mt organic produce to China at the value of \$2.37 million during these three years.

Covid impact

According to the Ministry of Agriculture, with increased awareness of organic foods, people are inclining more towards these products. The demand has been especially good since the advent of Covid-19, in the domestic and overseas markets. Value of exports of these products registered a 51 per cent increase in 2020-21, though it moderated in 2021-22.

Organic products are grown under a system of agriculture without the use of chemical fertilisers and pesticides with an environmentally and socially responsible approach. Among the top 10 organic produces that India exported in the last three years are processed food, oil seeds, cereals and millets, sugar, spices and condiments, pulses, tea, fodder and coffee.

On an average, India's organic product export is valued at \$827 million every year, show data by the Ministry of Agriculture.



Source: Lok Sabha July 2022

Company's Overview

White Organic Retail Ltd (WORL), is an integrated Organic Foods player offering end-to-end solutions to its customers. The company has built a robust value chain right from contract / leased farming to supply chain management to direct consumers. WORL is into trading Agriculture produce like Cereals, Pulses, Grains, Fruits, and Vegetables etc. Our company is into the operations of trading in Agricultural products including Organic and other Products and started Distribution and Retailing of those Products in October 2016.

The company is currently cultivating organic vegetables and fruits from over 120+ farmers in the state of Maharashtra and Gujarat. Having a strong relationship with farmers is one of the major critical edges the company has built, which ensures a reliable and consistent supply of fruits and vegetables of the desired quality and quantity on a sustainable basis.

Synergy with Suumaya Group

The promoters of WORL, White Organic Agro Limited sold their 55.01% holdings to Suumaya Industries Limited's (formerly known as Suumaya Lifestyle Limited) ("SIL") wholly-owned subsidiary – 'Suumaya Retail Limited' (SRL). Through this acquisition, SIL an emerging Diversified Conglomerate Group has marked its footprint into Food & Beverages Retail business through inorganic route. 'Suumaya Group' has emerged as one of the unique players in the entire Agri Value Chain – from 'Seed to Fork'. The company is one of the leading players in the Agri segment by posting robust performance over the last two quarters. WORL is now gearing up to integrate its operations with the "Suumaya Group". Currently, the existing management is actively in discussion with the new promoters for smooth transition of the business operations and drawing up the strategy for its next phase of growth. The larger platform of "Suumaya Group" substantially widens the sourcing capability of WORL across pan-India. This would aid WORL significantly in terms of expanding its existing product basket and enjoy economies of scale and thereby improve margins.

WORL with its unique positioning in Health Focused segment would be endeavoring in bringing its premium product offering to the masses primarily on the back of robust Pan India procurement capability of the "Suumaya Group". Outbreak of Covid-19 has resulted in a surge in healthy products, especially organic food products, which would augur well for long term growth of the company.

Brand & Products

A diversified and vast range of products across vegetables, fruits, processed foods, pulses, cooking oils, spices, snacks, dietary supplements, etc. is one of the key USP of White Organic, which brings substantial value proposition to its customers. The company is constantly widening its product basket by way of rigorous innovations and analysing needs of its valued customer.

The Company sells fresh organic veggies and premium grade organic pulses, spices, cereals etc. from all the segments. Company will also expand in the e-commerce integrated portal with PAN India delivery, with outsourced logistic support. We are very optimist about the future and the growth of the business. The organic business has grown exponentially in the recent past.

The company is focused on expansion of retail segment of the business and exploring models like online e-store and tie ups with e-marketplaces, and the export channel with strategic tie-ups with international companies.

The new management with expertise in retail sector and the initiative of the holding Company to reach out to tier 2 and tier 3 cities and also rural areas to bridge the demand and supply gap will enable the Company also to reach out to these areas and educate people at large about organic food products.

Product wise Performance

Our performance of the organic agro business activity has started reflecting tremendous response from the market owing to health consciousness and awareness in the organic food product area.

Having successfully entered into the unexplored market of organic food sector (largely unexplored market) the Company has emerged as the pure player in the organic food sector. Our strong will to explore this sector has enabled us to cross boundaries both in terms of capabilities and geographic.

Company is not only targeting the viable aspect of rapidly growing concept of organic food, but also putting great efforts to educate the larger society to understand and adapt to better and healthier ways of livelihood. This is witnessed by the Company's performance in the last few quarters.

White Organic together with Suumaya group is all set to create a niche in this sector. For this we have planned different promotional, marketing and advertising activities, also working towards increasing existing product portfolio and bring more niche products in product offerings. The Company has witnessed great demand for products. This gives tremendous confidence to move up the value chain and keep introducing new products.

The Company will continue to strive towards providing the best possible services through quality products and help build a stronger and healthier India. Company's efforts will always be to win over the "Trust and Loyalty" of the consumers thereby build a great brand "White Organics".

Opportunities & Threats

Organic Food retail sector is to be sketched as it is one of the fastest growing sectors across the world. A number of developed and developing countries have taken measures to expand the organic production and marketing, and consumer demand for organic products is on the rise in these markets. A new adversary, the Covid-19 pandemic, has further upended and exposed many of the flaws in the traditional supply chain and distribution systems. However, this new challenge is also an opportunity for retail brands to bridge the gap between themselves and the farmers, a chance to educate and help them adopt organic, profitable, environmentally friendly, and sustainable practices.

Digitalization is also seen to be another path of growth in the Organic sector. In the current scenario where people are more and more paving the ways to be connected digitally through apps, social media platforms, etc., the Retail brands can help build organic farming communities, powered by their strong networks and access to digital technologies and talent. By letting the consumers directly interact with farmers, where possible, and by giving a name, face, and human profile to their farmers, retail brands can help organic farming communities bring their stories straight from their farms to their consumers' homes. The use of social media, in the form of video clips to help consumers to get to know the farmer, the farm where the food is grown, along with the ethical and environmentally conscious farming practices adopted to produce the food, can play a key role in giving consumers an insight into the world of Indian agriculture. Consumers are increasingly demanding to know where the food that they put on their plate comes from. Retailers can take innovations in blockchain and traceability to help drive this momentum in the market. Traceability along the production, supply and distribution chain is a unique value proposition that retailers can provide consumers and farmers as members of the community.

As one of the seven sectors that has the potential to contribute \$2-\$3 trillion in global GDP, according to McKinsey's Center for Advanced Connectivity, the future of agriculture is organic. And new-age organic retail brands have the potential to create and maintain sustainable value chains through the fast-evolving industry.

The main advantages of Organic Farming in India Rural Economy are as follows –

- Organic fertilizers are completely safe and does not produces harmful chemical compounds
- The consumption of chemical fertilizers in comparison to organic fertilizers is always more, especially in unused cultivable lands.
 - Moreover, chemical fertilizer needs huge quantities of water to activate its molecule whereas, organic fertilizers does not need such conditions.
- Further, chemical fertilizers almost always have some harmful effects either on the farm produce or on the environment.
- Furthermore, it can also produce harmful chemical compound in combination with chemical pesticides, used to ward off harmful pests.
- It is estimated that there is around 2.4 million hectare of certified forest area for collection of wild herbs.
- The actual available area for cultivation of organic agriculture in India is much more than that is identified and certified so far.

Threats

- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Attraction and retention of farmers
- Limited Awareness
- Price Sensitivity in Indian markets
- Traditional farming habits
- Demand and Supply gaps
- High Cost and Short Shelf Life of Organic Food Might Restrict the Organic Food Market Growth

Outlook

The Company constantly endeavours to increase its product portfolio so that it can cater to diverse customer needs and evolve as one stop solution. With this we can increase the presence and evoke the brand "White Organics". The motive is to serve un-adulterated organic food products and contribute considerably in the making of a healthy India which is principles and values.

Becoming a part of Suumaya, the management may plan to integrate its business under Suuvidham Brand, SRL's hybrid retail model of retail business in rural India. SRL has an existing business scale of 21 retail outlets in Uttar Pradesh under its brand name Suuvidham Superstore which would provide our Company a strong foundation for augmenting its business towards rural population in India.

With the help of the robust growth during the year and the internal accruals, the newly introduced management is aggressively determined and envisions robust growth across all the verticals of the company. The management focuses on organic farming in

an efficient way and agricultural approach for environmental sustainability as it provides yield stability, improved soil health, no environmental concerns, organic food, and reduction in the use of synthesized fertilizers. The company shall come up with the new business strategy. The vision of the new management is creating overall social impact due to organic farming. The company shall design system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil biological activity, and this is accomplished by using on-farm agronomic, biological, and mechanical methods in exclusion of all synthetic off-farm inputs. Post-acquisition by the new promoter group and introduction of new management, by using the company's cash flow, the determined growth plan includes phase wise expansion. The management is determined to develop its own e-commerce website with all integrated digital platform and mobile application and drive sale through omni channel route. Online availability of organic food products and shifting consumer preference towards organic food are among the major factors expected to boost the demand for organic food products in India and across the globe. The management is exploring opportunities with many agro giants for strategic tie up, handling procurements, supply chain management for FMCG cos. fir its' organic products.

Risks and Risk Mitigation

The Risk factors have been determined based on their materiality. The following factors have been considered for determining the materiality.

- I. Some risks may not be material individually but may be material when considered collectively.
- II. Some risks may have material impact qualitatively instead of quantitatively.
- III. Some risks may not be material at present but may have a material impact in the future.

The Company faces the following Risks and Concerns

- **Economic Risk**

Any business is in a way or other, dependent on the prevailing global economic conditions. Inflation, changes in tax, trade, fiscal and monetary policies, scarcity of credit etc. However, we do not expect to be significantly affected by this risk.

Risks in Organic Agriculture

Risks that are similar to those in conventional farming, though they may be managed in different ways in organic farming.

Risks that are different between organic farming and conventional farming, but that may only be temporary, due to the recent rapid growth in the organic sector.

Risks that greatly different from those of most conventional farmers because of the different nature of the production and marketing systems.

- **Production Risks**

Organic farming is less restricted in their choice of crops for rotation than conventional farmers, who risk damage to certain crops from previously applied pesticides. Organic farming can be affected by the natural calamity, adverse weather conditions and climatic risks that are similar for organic and conventional farming. Because of harsh climates, bad weather such as hail or wind can destroy a crop very quickly. Any farmer without irrigation facilities faces the risk of drought, but as organic farmers' investment in soil quality allows their soils to hold water and withstand drought better than those of their conventional farmers. Organic producers face less risk than conventional producers on account of chemical-free pesticides usage.

Thus, we believe we have adequate mitigation in place for trade risk.

- **Input Risks**

Organic farming may face dearth of certified organic seeds, biological pesticides, specialized farm equipment designed for organic cultural practices and other inputs because the market they offer to suppliers may be too small to be profitably served by agribusiness. Concern about the availability of good quality compost that has not been contaminated by GMOs. The flow of credit to organic producers is limited and can be difficult to obtain.

- **Transition Risk**

The process of transitioning from conventional to organic agriculture may also pose production and market risks that do not persist over time. During the transition process, it faces a steep learning curve as they learn to control pests biologically, manage nutrient cycles, produce different crops, and tap new markets. Crop yields may drop initially on some farms as the soil is being