



“White Organic Agro Limited
Q3 & 9M FY2019 Earnings Conference Call”

January 18, 2019



MANAGEMENT: MR. DARSHAK RUPANI – MANAGING DIRECTOR – WHITE ORGANIC AGRO LIMITED
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Moderator: Good morning, ladies and gentlemen. Welcome to the White Organic Agro Limited Q3 and 9M FY2019 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the Company as on 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 and 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Darshak Rupani, Managing Director, White Organic Agro Limited. Thank you and over to you Mr. Rupani!

Darshak Rupani: Thank you. Good Morning everyone and a warm welcome to all the participants to the earnings call of White Organic Agro Limited for Q3 and nine months ended December 31, 2018. Today, I am joined by our top management team, Mr. Vishal Chavda, CEO of Farming. I hope that you all had a chance to look through our Q3 and nine months FY2019 results update presentation or looking through it right now. I will first take the opportunity to take you all through to our Company to you.

White Organic Agro Limited is purely involved in organic farming activities and is the only listed entity in the organic space in India. Currently, the company offers over 250 premium organic products in 12 major categories and 17 subcategories through our fully integrated online portal and retail stores. The range of the products offering includes grains, pulses, basmati rice, edible oils, fresh vegetables, fruits and ghee, medicinal herbs and capsules, organic health supplements, snacks and many, many more.

Currently, we cultivate, harvest and farm our organic products in 1360 acres of leased farms located in and around Rajkot, Gujarat. In May 2018, we added another 160 acres of land to our existing 1200 acres. The additional 160 acres of land is located in Chotila and Sylva region of Gujarat. The land is fully equipped with good drainage systems and can grow any types of plants.

The company sells all the products under one single brand name called White Organics. Recently, our company bagged the prestigious order from Innovative Cuisine Private Limited for cultivation and supply of long beans. As stated earlier, Innovative Cuisine Private Limited continues to purchase cluster beans for their export markets. Innovative Cuisine has also shown keen interest in increasing the cultivation of cluster beans on 100 acres and over with a mutual consent to buy the whole produces. This will strengthen the company’s product offerings of different vegetables in the export market across the globe and most successfully delivering the orders on time and with excellent quality Innovative Cuisine plans to increase the acreage of land cultivation of the requirements.



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Our company has also started vegetable cultivation for G4 chili, brown chickpea and pigeon pea for them. On the other hand, to grow our product basket, we are in the advanced stage of negotiations to tie up with farmers and landowners for strategic alliance, acquisitions, and lease farming across India. After evaluating a few options, we prefer the western region of India with close proximity to Tier II cities considering logistics supports and short shelf life of fresh vegetables. These vegetable offerings added to the product portfolio would help to secure more fresh vegetable orders and open a gateway to enter in global market.

Further as an outgoing endeavour, our company has entered into a business of organic Basmati rice with an enormous scope of expansion and has received its first direct order to supply Indian long grain Crème Sella Rice to the Kingdom of Saudi Arabia.

White Organics follow a strong philosophy to provide customers pure and unadulterated organic food produce directly from the farms to stores. Our process is designed in such a way that the tie-ups with farmers directly help us eliminate the whole chain suppliers, wholesalers and retailers. That helps us achieve our goal of healthy food products in a way makes farmers to sell their produce much easier, affectively and at a descent price. Our company's biggest strength has been our unadulterated organic product offerings and right sourcing, which has helped us create more and more confidence in the minds of customers leading to the stronger relationship and continuous low of repeat orders and new orders.

On the regulation front, officials of APEDA government body, which runs on the guidelines of global organic farming norms regularly, inspects our farms. We have never let them down on the guidelines they have asked us to follow. APEDA also keeps a record of overall organic business activity carried out by the Indian organic market.

I would also like to share here with you that we now are closer IC3 certification, which helps us improve our margins in the coming quarters. We are hopeful that the IC3 certification will contribute towards the revenue growth as well as margin growth from Q4 of FY2019 onwards. Considering this huge demand and the customer awareness of organic produces, recently the company has identified a land piece in Maharashtra for leased organic farming. We are confident that it will add great value to its current organic farming operations.

This will be our first venture outside of current area of operations, which is Rajkot, Gujarat. We have taken this entire step to enter into Maharashtra with a view to diversify the risks from our current area of operation, which is only Gujarat. Post our entry in Maharashtra our company will further explore more and more options to enter other territories of India to do organic farming. We are very focused in particular in choosing the land area, also the region pertaining to the sustainability of certain crop.



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As stated earlier, I would like to inform you all that our expansion plans continue to remain robust, but we are doing more and more due diligence on the leased farms to be acquired. This is in the terms of soil test, water availability, connectivity to the highways, etc. We are hopeful to reach the target of 3000 acres of leased farms by the end of the financial year that is wholly 2019. However, our growth target in terms of financial performance continues to remain the same.

We are happy to share that our company ever since has diversified into organic agro business has witnessed a huge demand of organic products in domestic as well as international markets. We have seen sharp growth trends in the past couple of years and are taking steps to continuing the growth momentum. Citing this, the Board of Directors of the company has considered approved and recommended bonus issue of equity shares to our valued shareholders in the rate of 1:1. This bonus issue will be a reward for our shareholders and they have shown and been loyal to our company and have also shown confidence in our company.

I thank the entire team of White Organic Agro for their untiring efforts, hard work, sincerity, and high dedication. Also, I would like to thank our valued shareholders for support and faith in our company has given us the determination and ambition to go from strength to strength, so from an overall business perspective this is all from my side. I will now hand over to Mr. Vishal Chavda who will take you through the financial performance of the company for Q3 and nine months ended December 31, 2018. Thank you. Over to you Mr. Vishal!

Vishal Chavda:

Thank you Mr. Darshak and a good day to all the participants. I will share highlights of our consolidated financial performance following, which we will be happy to respond to your queries.

Now for Q3 FY19 to start with, I am happy to share that for Q3, the company has achieved net revenue of Rs.91.38 Crores with a significant year-on-year growth of 90% from Rs.48.06 Crores in the same quarter last year. It is mainly on account of greater demand globally and increasing awareness of health benefits for using organic food produces.

The EBITDA stood at Rs.5.58 Crores in Q3 FY2019 increase of 61% as compared to Rs.3.46 Crores in Q3 FY2018.

The profit after minority interest for Q3 FY2019 is at Rs.5.63 Crores as compared to Rs.3.60 Crores in Q3 FY2018. This represents a growth of 56% year-on-year. Our EPS in Q3 FY2019 stood at Rs.3.22 registering a growth of 12% as compared to Rs.2.88 in Q3 FY2018.

For the nine months ended, the net revenue stood at Rs.247.57 Crores with a significant year-on-year growth of 147% from Rs.100.31 Crores in the same period last year. It is mainly on account of greater demand globally and increasing awareness of health benefits for using organic good produces.



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EBITDA stood at Rs.15.37 Crores in nine months of FY2019 increased of 154% as compared to Rs.6.05 Crores in 9M-FY2019.

The profit after minority interest for 9M-FY2019 is at Rs.15.44 Crores as compared to Rs.7.11 Crores in 9M of FY2018. It represents a growth of 117% year-on-year.

Our EPS in nine months of FY2019 stood at Rs.8.82 registering a growth of 55% as compared to Rs.5.69 in 9M of FY2018.

This is all from our side and now we can open the floor for questions and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Viral Shah from Emkay Global. Please go ahead.

Viral Shah: Good morning Sir. Congratulations on a good set of numbers. I have just joined in the call and I would have missed your opening remarks as well. A couple of questions; One, we had mentioned that the cultivations or the land acres is increasing right?

Vishal Chavda: Yes.

Viral Shah: What is that number as of now and what is the potential of that increase going to be?

Vishal Chavda: As of now we are doing cultivation on around 1360 acres and usually the time of acquisition of new land is wholly that is in first or second week of March. We are targeting to achieve a far more piece of land. Our target is to reach till level of 3000 acres let us see how it goes.

Viral Shah: Okay and you said 1360 as of now the cultivation is there right?

Vishal Chavda: Yes Sir.

Viral Shah: And out of that what will be the stage 1, stage 2, stage 3 for organic farming?

Vishal Chavda: The initial 550 acres, which we started in a very initial stage is proved with the third year certification and remaining part, which is left, which is IC3 post August this year.

Darshak Rupani: I will add on that, Mr. Shah. Apart from 1360 that is vertical number one where we own cultivate, we have 2800 acres of land collectively hold 530 farmers where we ask the farmers to grow on our behalf. That is the vertical number two of the company.

Viral Shah: So, in that also what is the stage they are in the first stage, second stage, because I understand the realization varies a lot right in one year suppose the run rate and second in case 220, 250 and third is actually what it is, it is 3x or 4x of initial if my understanding is correct?



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- Darshak Rupani:** Right.
- Viral Shah:** So that will help us understand whether FY2019 is good, we understand that but FY2020 and 2021 also looks very promising?
- Vishal Chavda:** It is about 2800 acres and farmers they are in IC3 land, which got started in August, so by August 22, 2019 is part also and they are fully organizing it.
- Viral Shah:** Okay and Sir what has been the reason for margins coming off a bit now because I believe the value add position has been increasing, so what is the reason for margin basically at the EBITDA and PAT level?
- Darshak Rupani:** Specifically about the rains were not that good in the last monsoon against yearly average of 40 inches we had rain of around 6 inches, so yes, there is a small effect of rains as well, although it is not that big because the land on which we are doing cultivation has got good amount of water resources, but still overall natural effect will also have an impact on the overall business.
- Viral Shah:** That is okay, but your revenue growth is 90%, and your EBITDA growth is not in line, so it is lesser than that right?
- Vishal Chavda:** It is marginally less, we do understand that, but currently we are just focused on the volume based business, because IC3 realizations, the post IC3 that happened in Diwali that is first week of November the revenue realizations will start in the first month that is January and February, so in Q4, the margins will have a major boost that is the only reason.
- Viral Shah:** Okay, so Q4 something which will be normalized margin going forward?
- Vishal Chavda:** Yes, in fact better margins not normal margins. It would be Q4 onwards, because if we have retained the IC3 level now there is no looking back.
- Viral Shah:** Okay and Sir any more tie-ups expected from the existing clients as well as new clients addition for the year as a whole for FY2020 or Q4, something on that front if you highlight that will be great.
- Darshak Rupani:** Since we were approaching the end of third IC3 year, the recruited export team working for us is six months back and many good client have been lined up with us, we have done with sampling part, very soon we are expecting a POs to be issued and the moment will receive the POs, we will put it in the public space for your knowledge, but yes not just one, but many of those have been lined up and very soon will be out.
- Viral Shah:** If you could just specify the reason that would be the great Sir?



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- Darshak Rupani:** We have client from South Africa, we have client from Canada and we are approaching few parts of the European, but yes, we have very strong up going on with African and Canada regions.
- Viral Shah:** Okay and working capital or the payment is not an issue in this region, right?
- Darshak Rupani:** Not at all.
- Viral Shah:** Sir, lastly what will be the strategy going forward basically to scale up and what we are hearing is that you were expected to open stores as well right, so what is the update on the same?
- Darshak Rupani:** We are going on a very slow pace on the retail front, we have tested our retail stores, but the retail business is not really a lucrative business, so we are going on the retail segments, going very slow on the retail segment. We will be exploring more and more options on the ecommerce integrated websites and the volume business. To give a comparison, we will be launching a pan India website something very similar to Grofers.
- Viral Shah:** Fair enough. Sir thank you so much and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Radhika Sundarka from JM Financial. Please go ahead.
- Radhika Sundarka:** I have a couple of questions. Firstly, you would think organic is a more premium product as a sort of commands a premium in the market why then the gross margins are around 7.2% and 7.1% for you, I am looking at both the nine months number and the quarterly numbers, so for a premium product like Organics why would the gross margins be so low? If you could help me understand that will be great?
- Darshak Rupani:** If you have seen the consolidated figures, it is basically the blended figures of the vertical two and vertical one of the company where we cultivate ourselves where we enjoy a lot of premium margins, but when it comes to buying from the farmers and selling it, there were very thin margin over there, so when it is a blended margin it comes up to 7% to 8% approximately.
- Radhika Sundarka:** What would be your margin on the produce that you cultivate yourselves?
- Darshak Rupani:** That will be huge Sir approximately 20% to 25% we can state that?
- Radhika Sundarka:** 20% to 25% margin?
- Radhika Sundarka:** That is it. Thank you.
- Moderator:** Thank you. The next question is from the line of Siddhartha Bhattacharya from Anvil Wealth. Please go ahead.



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- Siddhartha B:** Good morning. I just wanted to understand what is our strength in terms of people in the organization number of people in the organization?
- Darshak Rupani:** On our own payroll, we have about 40 or 44 people otherwise, we have contract laborers because the harvest we need daily wages people, so depending on the harvest season, we employ more than 250 plus employee, but those are on daily wages basis.
- Siddhartha B:** Daily basis. What I am trying to get at is your employee cost seems to be abysmally low on a quarterly basis and even if I look at a nine-month basis, it has reduced significantly, so can you help us understand why that has happened?
- Darshak Rupani:** Yes. certainly because the agronomist and the inspector costs and the daily wages cost have been included in the other expenses and not as employee expenses because those are not permanent employees of the company. They are all we can say contracted basis something like that. Monthly seven days a month or something like that.
- Siddhartha B:** Apart from that the 40 people on our rolls, I am seeing a quarterly cost of Rs.7 lakh?
- Darshak Rupani:** Rs.7 lakh because the other expenses that you see, the other expenses have shot up like anything because major shifting was on the contractual laborers from the permanent laborers.
- Siddhartha B:** For the 40 people on roll, it should show up on employee benefit expenses, right?
- Darshak Rupani:** No. That is in other expenses.
- Siddhartha B:** It would also be in other expenses?
- Darshak Rupani:** Some of the margin in an expense.
- Siddhartha B:** Sir what is that number can you help me with that if I look at it from a nine-month basis?
- Darshak Rupani:** I am sorry. Could you just repeat the question?
- Siddhartha B:** The contractual labor cost, which shows up in the other expenses what would that number be if you can help me understand that on a quarter basis and a nine-month basis?
- Darshak Rupani:** Sir we will have to work that out. That will be very difficult right now. Approximately out of Rs.2 Crores or Rs.2.5 Crores the other expenses; no it will be very vague to give the answer.
- Siddhartha B:** Thank you so much.



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- Moderator:** Thank you. The next question is from the line of Laxman Sharma from JM Financial. Please go ahead.
- Laxman Sharma:** I just wanted to know what is the breakup of B2B and B2C break up of revenue? What is the B2B and the B2C break up of revenue?
- Darshak Rupani:** As we have mentioned earlier as well 95% of our business is B2B. Hardly few percentages is B2C.
- Laxman Sharma:** What are the margins of B2B and B2C taken separately?
- Darshak Rupani:** B2C always attracts lot of margin that is 40%, but that is hardly 2% or 3% of our topline and otherwise B2B is 6% to 7%.
- Laxman Sharma:** The B2B who are the key clients in the B2B segment?
- Darshak Rupani:** Probably we have given out in the public domain as Innovative Cuisine Private Limited, internationally known as Deep Foods and domestically Patanjali is our biggest clients, we have not given.
- Laxman Sharma:** For B2B do you do bulk trading or you are into private label?
- Darshak Rupani:** We do bulk trading.
- Laxman Sharma:** Thank you.
- Moderator:** Thank you. The next question is from the line of Karan Mehta an Individual Investor. Please go ahead.
- Karan Mehta:** Good morning Sir. First of all congratulations on a good set of numbers. My question was actually on the trade receivables if you see the trade receivables they are higher than the quarterly sales figures, so if you could just help us understand what is the reason for having such a high trade receivable?
- Darshak Rupani:** Many of this trade happens at a credit period of 45 days and the harvest and cultivation happens in the second week of November, so the trade receivables are very much in line with the volume growth that you see and there is a pattern of 45 of 60 days credit. Many times, it is seven days as well, so it is very much in line with the volume growth.
- Karan Mehta:** Another observation from the balance sheet there are no provisions at all, so does the business not require any provisions at all?



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- Darshak Rupani:** What do you mean by provisions? What kind of provisions?
- Karan Mehta:** Any liability, which is uncertain for the time being, employee related benefits, any kind of benefits?
- Darshak Rupani:** I understand. We will be making out the provisions and even last year, we have made all the provisions in the Q4 that was last year. Unexpected expenses in this business are hardly few that is what is our experience till now. Unexpected expenses are very few.
- Karan Mehta:** Thank you so much. Best wishes to the management.
- Moderator:** Thank you. The next question is from the line of Bhavesh Patel an individual investor. Please go ahead.
- Bhavesh Patel:** Thank you for taking this question and many congratulations on a great set of numbers. The business and the growth look fantastic. Hope that it continues. There were questions around the certification, which were answered as well as receivable, so I am not going to take that. My question is about what is promoter plans to increase the shareholding because it is abysmally low and anything less than 50% is not considered great and the second part of the question is thank you for giving the bonus? We as a long-term investor would also like to see some kind of dividends coming through so looking forward to hearing you on that Sir?
- Darshak Rupani:** Mr. Patel thanks a lot for appreciating the bonus issue. We really look forward to reward our customers in either manner. Yes, dividend is there in our mindset. We have already put forward to the board. Let us hope for the best. Let us keep our fingers crossed for the next year and regarding the promoter holding that you asked. If you had seen the history of the company since 2010 when we took over this company, the promoter holding has been this much. Now we are seeing the growth prospect and really good set of numbers that is coming through, the promoter intends to increase the stake by 5% a year.
- Bhavesh Patel:** Excellent good to get this commitment and all the very best.
- Darshak Rupani:** I would not say it is a commitment it is an intention.
- Bhavesh Patel:** So, you can do 5% creeping and as long as your intentions are seen as.
- Darshak Rupani:** Yes, we are certainly planning for that.
- Bhavesh Patel:** Fantastic and all the very best for greater execution in the coming month and years.
- Moderator:** Thank you. The next question is from the line of Abhishek Tekriwal, an Individual Investor. Please go ahead.



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- Abhishek Tekriwal:** Good morning everyone. My question was on employee expense, which has already been mentioned, so I do not have any further questions.
- Darshak Rupani:** Thank you Mr. Abhishek.
- Moderator:** Thank you. The next question is from the line of Parth Kotak from Investment Trust of India. Please go ahead.
- Parth Kotak:** Congratulations for a good set of numbers. Sir I just want to know Patanjali is what percent of our total revenue currently?
- Darshak Rupani:** Sir around 60%.
- Parth Kotak:** Okay 60% so has that number actually come down because I think that you know that kind of numbers that Patanjali or the kind of demand that Patanjali was seeing, has been muted or if I am wrong please correct me on the same and secondly you are also of the opinion that you know you would like to shift to better EBITDA margin exports, so has that revenue contribution from Patanjali actually come down?
- Darshak Rupani:** Sir overall uptick of the Patanjali has been lesser in this Q3, the reason being all their bottling lines were looking only for Amla, the month of November, December and January are the three months of winter, Patanjali mainly stocks themselves for entire production of Amla, so out of the five bottling lines what Patanjali was running, four of them got diverted towards Amla in only one was running for Aloe vera, Aloe vera is our product, so yes this quarter the uptick of Patanjali was a bit lesser. That is the first question. Second part about reaching out to the other customers, yes, we have a real good customer lined up with us from the overseas market and like we are at the last stage of certification what they wanted, they asked us to add few more certification, the more audits to be done on our factory and premises, once we are through with this I hope in next one week or so we will be through with it and after which a PO will be issued by some other customers which are be same in their own territories. We will be happy to hear all these, but we are just waiting an official view to reach us.
- Parth Kotak:** Great, great that is all from my side Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.
- Agastya Dave:** Thank you for the opportunity Sir. Sir I had several questions. The question is after the warrants what would be the fully diluted number of shares outstanding after the warrants were converted?
- Darshak Rupani:** Warrants have been converted since first one year today the capital.



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- Agastya Dave:** In 2015 you have taken five million additional warrants?
- Vishal Chavda:** The total 50 lakhs have been converted in March 2018.
- Agastya Dave:** So that is fully diluted equity what we are seeing?
- Vishal Chavda:** Yes.
- Agastya Dave:** Sir second question is 1360 acres that you are cultivating on your own and the 2800 that you were basically contract farming owned, can you give the breakup of the revenues in terms of how much is coming from 1360 acres and how much is coming from 2800 acres?
- Vishal Chavda:** Sir if you say percentage wise it would be around 65%-25%.
- Agastya Dave:** 65% in favor of your.
- Vishal Chavda:** 65% or 70% on the 2800 acres of land.
- Agastya Dave:** Okay, so 1360 you are doing on your own and 2800 is outsourced. So Sir if I look at the annual report and if I look at the breakup of the other expenses you mentioned that some of your employee expenses is captured in the other expenses?
- Vishal Chavda:** In this quarter.
- Agastya Dave:** Yes, so I do not have the breakup of those other expenses which are nine months and quarterly ended, but I have the break up in the annual report so if look at the annual report so let us say in this year when the annual report comes out which line items would we see those expenses and the second question related to that is that how many tractors do you own, how much mechanization have you done because if I look at the fuel cost and all that they are pretty low or even if I assume that last year you were doing even 400 and 500 acres, at the time of publishing of the annual report, the numbers are slightly on the lower side so for example the petrol charges, or the diesel expenses or the electricity expenses those are slightly on the lower side considering how big the land is, so how will this other expenses pan out this year, where we see the entire 1360 acres coming out?
- Vishal Chavda:** Very frankly we do not really have the annual report of 2018 right now handy with us, so I do not really know what exactly are you referring to.
- Agastya Dave:** I am just saying that last year if you had 500 acres let us say I do not know the exact number, your electricity charges of 5 lakhs a year so that is on the lower side then if I look at there is no diesel expense as such but you have a petrol expense to some 18 lakhs so I am just wondering

when you do a 1360 acres right, these numbers will go up so how much will these numbers go, if I look at freight charges, we are not even a lakh of rupees?

Vishal Chavda: Usually when we talk about the seasonal crop like say whether it would be wheat or whether it would be bajra or some or some pulses after every three months we need to use a tractor, you need to till the land with the land, we do the land development after every three months, even the harvesting part will be done after every three months, the kind of crop which we deal usually are, they are the kind of perennial crop for which the age of the crop is around five years, so we will be using a tractor for tilling the land after which only after the five years we will get an opportunity to use the tractor, yes that is why we use for very harvest, they leave then we want to bring the harvest, that is how the overall tractor and land tilling cost will be on the lower side, for the petrol and things usually when we harvest the drumstick or something we take it forward to the nearby markets then in which all the, we do Eicher, but specifically for farming activity they are less than being used, but for the transportation process, yes they are being used.

Agastya Dave: So in our land whatever crops you are planting, how would you classify them? Are these capital intensive in nature through the five years or ten years perennial cycle that you are talking about? Are these capital intensive that once you do the sowing the costs will be very high and then in that year the cost will be very high and then over a period of time obviously the incremental cost would be nothing so through the entire cultivation cycle what kind of ROEs are you looking at here because as you said you have just, first of all you have just started, you are still ramping up, second you started with standing crops it seems because there would not be any sowing expense so to speak of, so once we see that cycle coming in how are the economics assuming that that month cycle has ended so what will see over a period let us say five years, average ROEs from an existing piece of land?

Vishal Chavda: Sir ROI may be that is if I would be more comfortable with the figures, I will just tell you how it goes on the field, like, on the zero year you incur an expense of around 35000 per acre on zero day and during the first year you spend another 35000 so initially for every acre when you start cultivation of aloe vera or moringa you spend around 70000, but in second, third, fourth and fifth it is only the maintenance and the harvesting cost which we will incur, which goes to the tune of around 20000 to 25000 acres, some 70000 it comes down to 20000 to 25000 an acre, but at the same time the harvesting part in the first year is very minimal, but it goes up in the second, third, fourth and fifth year.

Agastya Dave: Okay and are there any gestation period for the crops you are doing, so when you do the sowing the shrubs or the trees will take some time to grow and then start producing right?

Vishal Chavda: Yes exactly.



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- Agastya Dave:** So have we seen that gestation period for the entire, so that 1360 acres that we are doing as of now the entire amount is producing or part of it is in gestation?
- Vishal Chavda:** Actually what happened is that earlier future farm LLP, which is mainly in the cultivation activities. It started its cultivation activity in 2014 and whereby the takeover of stake was being bought in Future Farm in 2017, so the by the time when White Organic pitched in into future half, the farming activity was going full fledge, the harvest is coming on a regular basis so somehow White Organic did not need to suffer because of gestation, but it directly picked up the speed.
- Agastya Dave:** Okay, Sir I have other questions I will probably take offline, but just clarification on what you just said, so my understanding was this Future Farming, this is the tie up, this is the LLP that you arrangements part of now and these are the guys who have the actual contract with the 2800 acres and the 500 acres am I right or is it the 1360 acres?
- Vishal Chavda:** Exactly 1360 plus 2800 acres.
- Agastya Dave:** So they are involved in both?
- Darshak Rupani:** I will be precise 1360 is the productive acreage that I mentioned, we own 1360 acres of lease land, but productive acreage is 1100, other is for pilot.
- Agastya Dave:** FFL LLP has this 1360 acres, larger part of the 2800?
- Darshak Rupani:** It is blended, FFL and White Organic has blended in 1360 acres and FFL is a part of our family. FFL was initially promoted by Mr. Vishal Chavda who is on the line and Mr. Vishal Dedhia.
- Agastya Dave:** Okay, Sir I have many questions, which I will probably take offline. Thank you very much.
- Darshak Rupani:** No issues. Thank you.
- Moderator:** Thank you. The next question is from the line of Chaitanya Kulkarni, an individual investor. Please go ahead.
- Chaitanya Kulkarni:** I would like to ask regarding ICS certification for the farm we had. My question is exactly that do we have received the certificate or not yet exactly?
- Darshak Rupani:** Sir we have finished the part of third year of certification on few of the farms of ours, which was initiated as first phase among all the lands and the audit is already completed, the certificate is to be issued. Recently the auditors raised few of the queries that you have to solve those queries, once we have done with the solving of those queries the certificate gets issued, so yes the audit is finished, the queries have been raised, we are just finishing and we are satisfying the auditors and



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once we are done it is a matter of week or so and once we have done with it the fresh certificates will be issued.

Chaitanya Kulkarni: Can you tell the exact timing up to when it will be issued?

Darshak Rupani: Hopefully in the next fortnight.

Chaitanya Kulkarni: Okay, I would also like to know the farm, which will the nearby going to ICS, which product you are growing on that exactly?

Darshak Rupani: Mainly we are in dealing two products that is aloe vera and moringa except those two there are many, some small products in small quantity obviously keep on doing the pilot for this, but mainly we are working on aloe vera and moringa.

Chaitanya Kulkarni: Okay, so that means we are growing the high margin products on that farm right?

Darshak Rupani: Yes.

Chaitanya Kulkarni: My next question is on our products itself. In last concall you told that you are securing 1000 acre per land per product right?

Darshak Rupani: Right.

Chaitanya Kulkarni: As you have told, you are mainly sold products aloe vera and moringa, what is the next third product in that line?

Darshak Rupani: Yes, we are planning for palmarosa. It is a kind of grass from which you extract aromatic oil.

Chaitanya Kulkarni: I guess you have told that, so is it the third product finalized?

Darshak Rupani: Almost, yes.

Chaitanya Kulkarni: What about expectations of margins from that, are those on high-end note?

Darshak Rupani: Sir it would be too premature to disclose this.

Chaitanya Kulkarni: Okay, no problem. Thank you.

Moderator: Thank you. The next question is from the line of Raju Basani from RBL. Please go ahead.

Raju Basani: Good morning Darshak Sir as well as Vishal Sir. Congratulations for good set of numbers. My first question is like going forward with the coming up IC3 as well as the new exports orders can



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we expect increase in both the revenue as well as margins like going forward, of course most of my questions are answered I am just asking this question going forward?

Darshak Rupani: Certainly Sir we have seen the increase in the revenues and the profits and hopefully will continue the same.

Raju Basani: Yes and one more thing Sir in the last two concalls also we have discussed the creeping acquisition 5% can we expect in this financial year or it is only the next financial years onwards it would be going on?

Darshak Rupani: We just have two and a half months left in this financial year and hopefully we will do this, let us not quote it, but we intend to do this in this financial year.

Raju Basani: This financial year also we are planning to do right?

Darshak Rupani: Yes we intent to do that.

Raju Basani: Okay, fine. Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Keshav Kanoria from ITI Capital. Please go ahead.

Keshav Kanoria: Congratulations on the good set of numbers. Most of my questions have been answered, just wanted to understand what is the domestic exports ratio in your total revenue?

Darshak Rupani: The exports are just initiated, just began in this Q3, if you see the export ratio on the P&L front it would be hardly 10%, not even 10% right now.

Keshav Kanoria: Okay and I have a couple of more questions, but I think I would like to take it offline.

Darshak Rupani: No issue Sir.

Keshav Kanoria: Thank you.

Moderator: Thank you. Ladies and gentlemen that is the last question. I now hand the conference over to Mr. Darshak Rupani for his closing comments.

Darshak Rupani: Thanks a lot to all the participants. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of White Organic Agro Limited that concludes today's conference. Thank you for joining us. You may now disconnect your lines. Thank you.