



 **aries agro limited**

Energizing Earth

AUGUST 2010

Aries' Unique Niche

	Commodity NPK Fertilizers	Water Soluble NPK Fertilizers	Secondary nutrients	Value added Micronutrients	Inorganic Micronutrients
Aries Presence	X	√	√	√	√
Typical products	Urea, DAP, SOP	20-20-20, 13-0-45, 0-52-34, 0-0-50	Ca, Mg, S	Chelates	Sulphates
Price Control	√	X	X	X	X
Subsidies	√	X	X	X	X
Volumes	High	Low	Medium	Low	Medium
Profitability	Very Low	Medium	Medium	High	Low
<i>Aries Revenue share %</i>	--	12%	10%	58%	9%
<i>Gross Margins %</i>	--	12%	30%	55%	15%

Aries Agro (Standalone) : Installed Capacities and Utilization

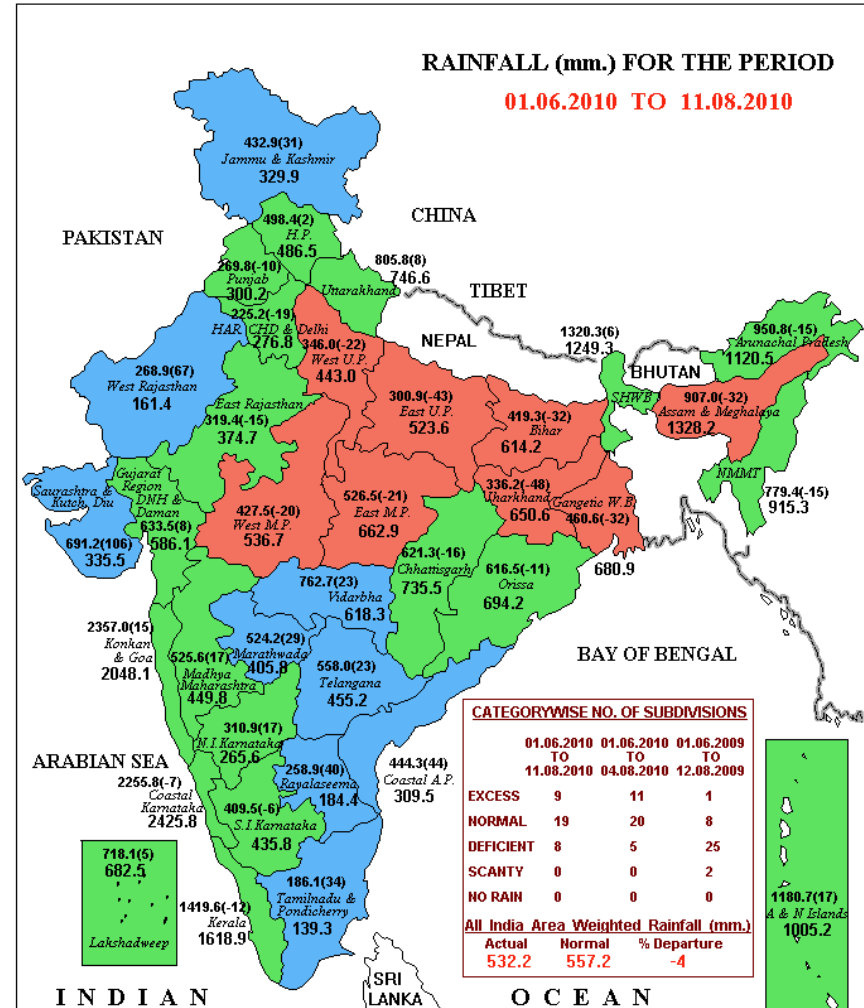
Location	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization	Capacity Utilization	Capacity Utilization
	2008-09	2008-09	2009-10	2009-10	2010-11E	2011-12E
	(MT)	%	(MT)	%	%	%
Mumbai	10,800	64.11	10,800	50.95	80.00	85.00
Bangalore	3,750	49.44	3,750	45.68	65.00	70.00
Hyderabad	37,800	16.46	37,800	37.15	55.00	75.00
Lucknow	10,800	0.82	10,800	55.74	50.00	60.00
Ahmedabad	19,800	7.16	19,800	38.76	50.00	60.00
kolkata	1,650	24.42	1,650	42.00	70.00	70.00
Total	84,600	29.44	84,600	42.14	57.00	71.00

* Note : Utilization of capacities excludes repacking of rebranded products

All India Rainfall

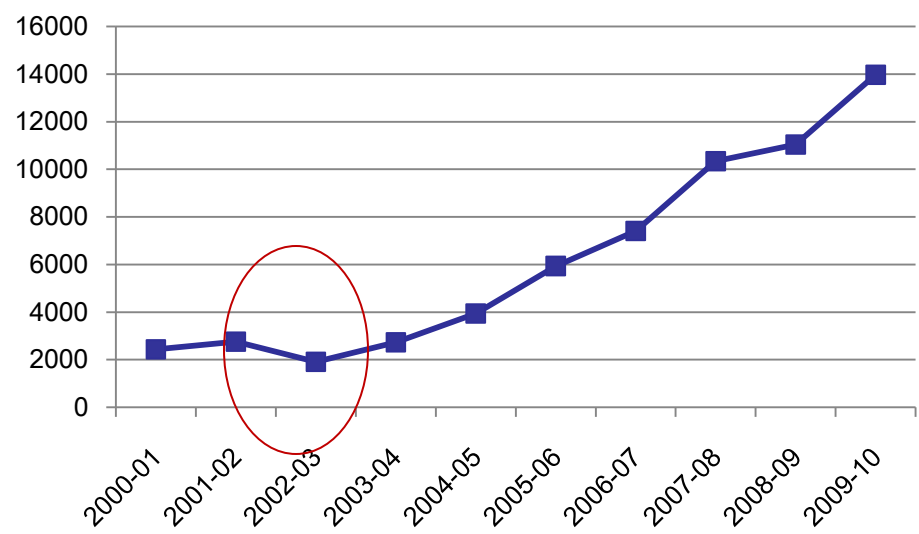
- Status up to August 11, 2010 shows a positive outlook
- 91% Meteorological sub-divisions show normal to excess rain so far
- All India Departure from Normal is only 4% from the long period average
- MP, UP, Bihar, Jharkhand, WB and Assam are rain deficient as of mid-August
- The past few days have shown improvement in some of these deficient areas
- We do not foresee any significant impact on total revenues

भारत मौसम विज्ञान विभाग INDIA METEOROLOGICAL DEPARTMENT



Our Wake up Call

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Net Sales	2,759	1,913	2,729	3,943	5,936	7,405	10,338	11,044	13,975
% districts with normal or excess rainfall	67%	39%	77%	56%	72%	60%	72%	76%	41%
Sales Growth %	13%	-31%	43%	45%	51%	25%	40%	7%	27%



Reduced Rain Dependence

- Correlation of 9 years sales growth with 9 years rainfall data
- **Correlation between rainfall and Aries sales growth is NOT STATISTICALLY SIGNIFICANT**
- Correlation coefficient between **Aries Sales Growth** and percentage of districts receiving normal rainfall is only **0.508**
- Correlation coefficient between **Aries Sales Growth** and % of LPA rainfall received is only **0.459**
- *Only HALF of the trend in Aries sales growth is explained by the rainfall received during a particular year*

	Correlation of Sales Growth to % Districts with normal Rainfall
2001-2004	0.98
2001-2005	0.76
2001-2006	0.79
2001-2007	0.79
2001-2008	0.80
2001-2009	0.63
2001-2010	0.51

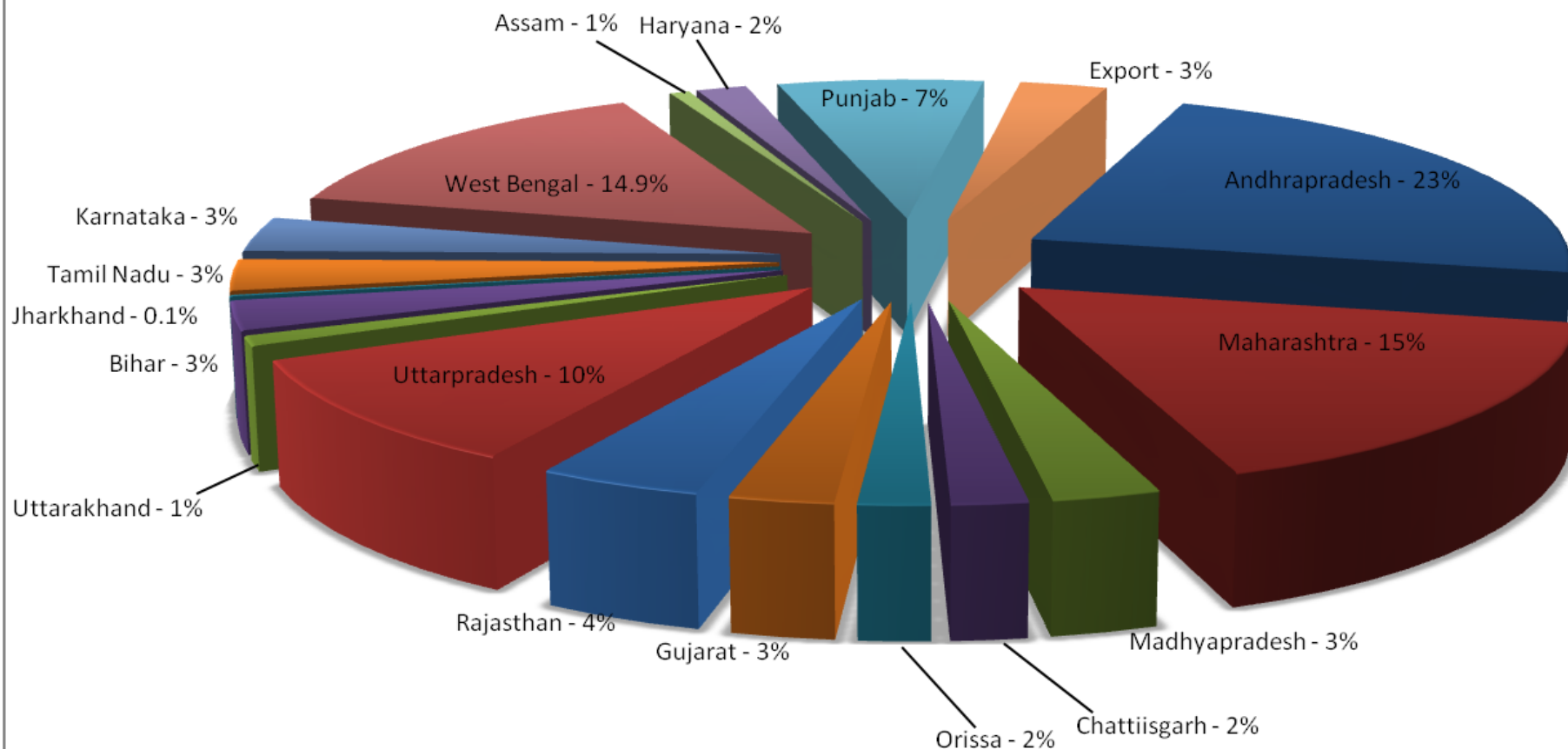
Correlations

		Percentage of districts with normal/excess rainfall	% of LPA rainfall for the country	Aries All India Sales growth percentage
Percentage of districts with normal/excess rainfall	Pearson Correlation Sig. (2-tailed) N	1.000 . 9	.904** .001 9	.508 .163 9
% of LPA rainfall for the country	Pearson Correlation Sig. (2-tailed) N	.904** .001 9	1.000 . 9	.459 .214 9
Aries All India Sales growth percentage	Pearson Correlation Sig. (2-tailed) N	.508 .163 9	.459 .214 9	1.000 . 9

** . Correlation is significant at the 0.01 level (2-tailed).

Wide Distribution of Revenues

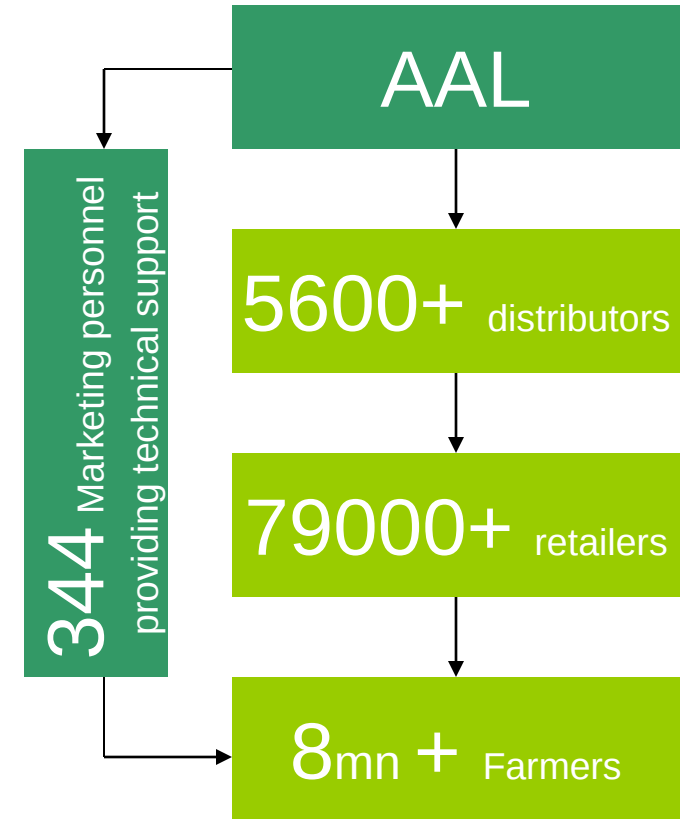
STATEWISE SALES BREAK UP FOR THE YEAR 2009-10



Strong Marketing network

- Aries has 344 trained marketing personnel
- 25 branches spread across 22 states
- First link of distribution channel has more than 5600 distributors
- Direct access to 79000+ retail dealers
- Database of purchase records of 8mn+ farmer population across 1,77,000 villages - **one in six villages of India**

Year	Distributors	Retailers	Farmers	Villages
2000	3394	28270	5661885	93552
2005	3720	33627	6238212	107455
2010	5670	79220	8397383	177182
2000-2005 growth %	10%	19%	10%	15%
2000-2010 growth %	67%	180%	48%	89%



Meeting the Challenges of the Changing Seasons

- Deliberate focus on developing cash crop markets
- Reduced focus on cereals grown in Kharif season
- Campaigns during Rabi season for horticultural crops
- Water availability in reservoirs is known before commencement of the Rabi season, enabling strategy shifts into areas with adequate water
- Focus on crops where farm gate prices have increased farmer's investment capacity
- Widen geographic spread into new markets
- Develop penetration in existing markets by entering unserved areas using Rural Retail vehicles (KVV's)

Quantitative Sales (MT) 2008-09	Quantitative Sales (MT) 2009-10	Volume Growth %
24,666 MT	40,765 MT	+ 65.27 %

	Revenue Share (Kharif season)	Revenue Share (Rabi season)
2006-07	38%	62%
2007-08	44%	56%
2008-09	47%	53%
2009-10	37%	63%
2010-11 E	40%	60%

New Product launches - Update

₹ in Lakhs

Products	2009-10	2010-11 E
Bio Degradable Chelates	68	180
Natural Amino Acid Chelates	222	308
Sea Weed Extract	131	237
Water Treatment Formulation	41	104
Calcium Nitrate Derivatives	82	135
Agricultural Sprayers	23	473
TOTAL – NEW PRODUCTS	568	1437

15 successful New Products launched in 2009-10

This bouquet of new concepts will contribute over 8% of 2010-11 revenues

Typical Seasonality of Indian Operations

	Q1 (Apr - Jun)	Q2 (Jul – Sep)	Q3 (Oct – Dec)	Q4 (Jan – Mar)	Annual
Revenues – Nutrients	<i>10%</i>	<i>30%</i>	<i>35%</i>	<i>25%</i>	<i>100%</i>
Revenues - Insecticides	--	35%	50%	15%	100%
Revenues - Sprayers	35%	35%	30%	--	100%
Inventory (across all locations)	High – to build up for Kharif	Highest	High	Reduces by year end	Ideal would be 90 days of sales
Receivables (from registered distributors)	Low	High	High	Reduces by year end	Ideal would be 150 days of sales
Expenses	High as % to Q1 sales	Stable	Stable	Highest, includes year end discounts	
Working Capital needs	High	Highest	High	Reduces by year end	Ideal would be 25% of sales

A Fleet of 100 *Krishi Vigyan Vahans*



Aries KVV's : Researched & applauded by the Wall Street Journal



By POH SI TENG

It's a few hours before sundown when a white and lime green truck rolls into Vanukuru village, located in the south eastern Indian state of Andhra Pradesh. The squeaky clean vehicle, equipped with a flat screen television and a loud speaker, stands out among old, grimy shops at the town center where it's parked. The truck, named 'Aries', a farmer's knowledge carrier, soon draws a crowd of farmers from the fields. Before long, a shaded booth displaying Aries Agro's products is set up. Then, a video starring local film stars promoting fertilizers is blasted through the loud speaker.



Aries Agro believes farmers would benefit from its fertilizer, but the trick is how to get that message across in rural India. WSJ's Poh Si Teng shows how the company is using a combination of viral marketing and education to sell product.

Video and Article available online :
http://online.wsj.com/article/NA_WSJ_PUB:SB125558077864186837.html

KVV Operations – Progress so far

STATE	# OF KVV'S as on 31 July	LAUNCH DATE	KMS COVERED	NO OF VILLAGES IN ROUTE	AVG DISTANCE/DAY
AP	31	9-Jul	617,807	1800	77 KM
TN	11	11-Jul	282,770	450	73 KM
NIPANI	4	15-Jul	87,250	280	65 KM
BIHAR	10	22-Jul	198,980	340	77 KM
WEST UP	7	24-Jul	145,860	300	72 KM
HARYANA	9	31-Jul	161,350	610	70 KM
RAJASTHAN	0	1-Sep	139,575	320	80 KM
GUJRAT	6	30-Oct	118,983	364	75 KM
NASHIK	6	1-May	17,500	320	65 KM
WB	0	13-Nov	94,500	540	70 KM
PUNJAB	5	1-Jun	29,570	180	70 KM
MP	5	20-Jun	15,420	200	70 KM
EAST UP	6	9-Dec	104,224	280	70 KM
TOTAL	100		2013789	5984	

As on 31 July 2010

KVV Operations – Cost versus Revenues

STATE	BOOKINGS GENERATED (Rs in LAKHS)	BOOKINGS/KM	AVG COST/KVV/ MONTH	TOTAL COST INCURRED (IN Rs)	COST/KM (IN Rs)	COST AS A % OF BOOKINGS GENERATED
AP	318	51	22000	1634270	3	5%
TN	296	105	16000	356818	1	1%
NIPANI	51	58	18000	424987	5	8%
BIHAR	171	86	28000	1681867	8	10%
WEST UP	161	110	25000	763984	5	5%
HARYANA	181	112	20000	885946	5	5%
RAJASTHAN	80	57	28000	1341958	10	17%
GUJRAT	74	62	18000	495733	4	7%
NASHIK	NA	NA	11000	88348	5	
WB	NA	NA	NA	NA		
PUNJAB	17	57	10000	69144	2	4%
MP	1	6	NA	NA		
EAST UP	14	13	22000	563024	5	40%
TOTAL	1364			8306079		6%

As on 31 July 2010

Golden Harvest Middle East FZC, Sharjah

- First of Aries' Chelates Manufacturing Unit overseas
- Commenced commercial production in October 2008
- 25% sold to Aries in 2009-10, 75% sold to other customers located in Nepal, Bangladesh, UAE, Taiwan & Uganda
- Y-o-Y Quantity manufactured of Chelates up by 185%
- Increased product range in 2009-10 to now include 4 Chelates (Zn, Fe, Mn, Mg) and Soluble Boron
- 45% capacity utilization during 2009-10, Expected to increase to 70% in 2010-11



Amarak Chemicals FZC, Fujairah

- Largest overseas investment of Aries
- Trial Production commenced : July 2010
- Quantity produced & sold to Aries : 1200 MT

Rationale :

- Proximity to UAE's oil refineries for Sulphur by products which are the main raw materials
- Proximity to Asian markets, especially India and China, which currently have the largest deficit of Sulphur based secondary crop nutrients
- Captive market within Aries Agro's wide distribution network



Amarak Chemicals FZC, Fujairah



SULPHUR RE-MELTER



BENTONITE INCLUSION



PASTILLIZATION BELTS

HIGH CAPACITY BOILER



Amarak Chemicals FZC, Fujairah : Current Project Status

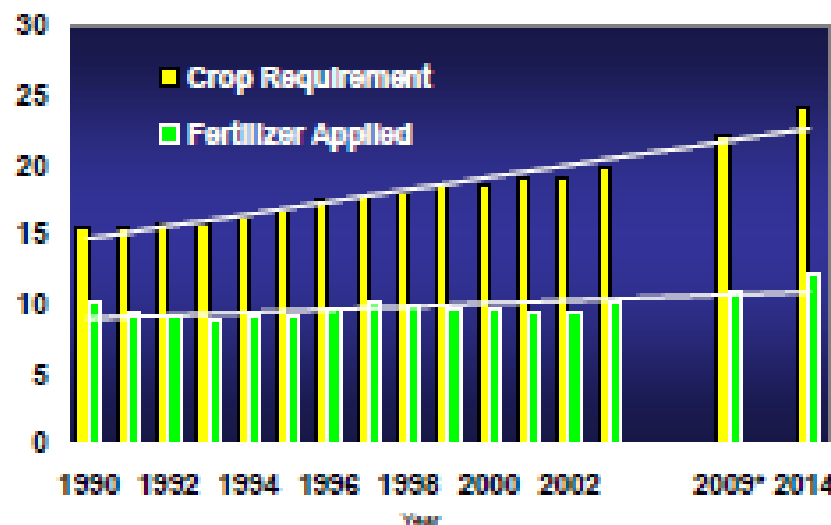
- Installation of all manufacturing equipments for 60000 MT capacity of Sulphur Bentonite completed in April 2010
- Showcase of factory to 200 Chairman's Club customers in end-April 2010
- Onsite booking received for 9000 MT
- Annual contract for elemental Sulphur entered into with Oman Refineries in May 2010
- Regulatory inspections for trial production completed in May 2010
- Regulatory approvals for trial production received in June 2010
- Trial production commenced in July 2010
- 1200 MT produced so far and supplied to India
- Pending : Final inspections & regulatory approvals for commencement of commercial production

Growing Demand for Sulphur in Agriculture

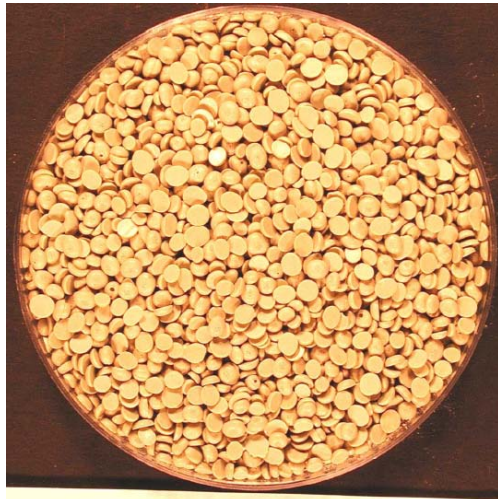
Sulphur Deficit: Global

- Current Application: 10 million tons annually
- Current Deficit (Market Potential): 9.6 million tons sulphur annually
- Primary Markets: Asia and the Americas.
- Market Potential 2014: 11.9 million tons sulphur annually

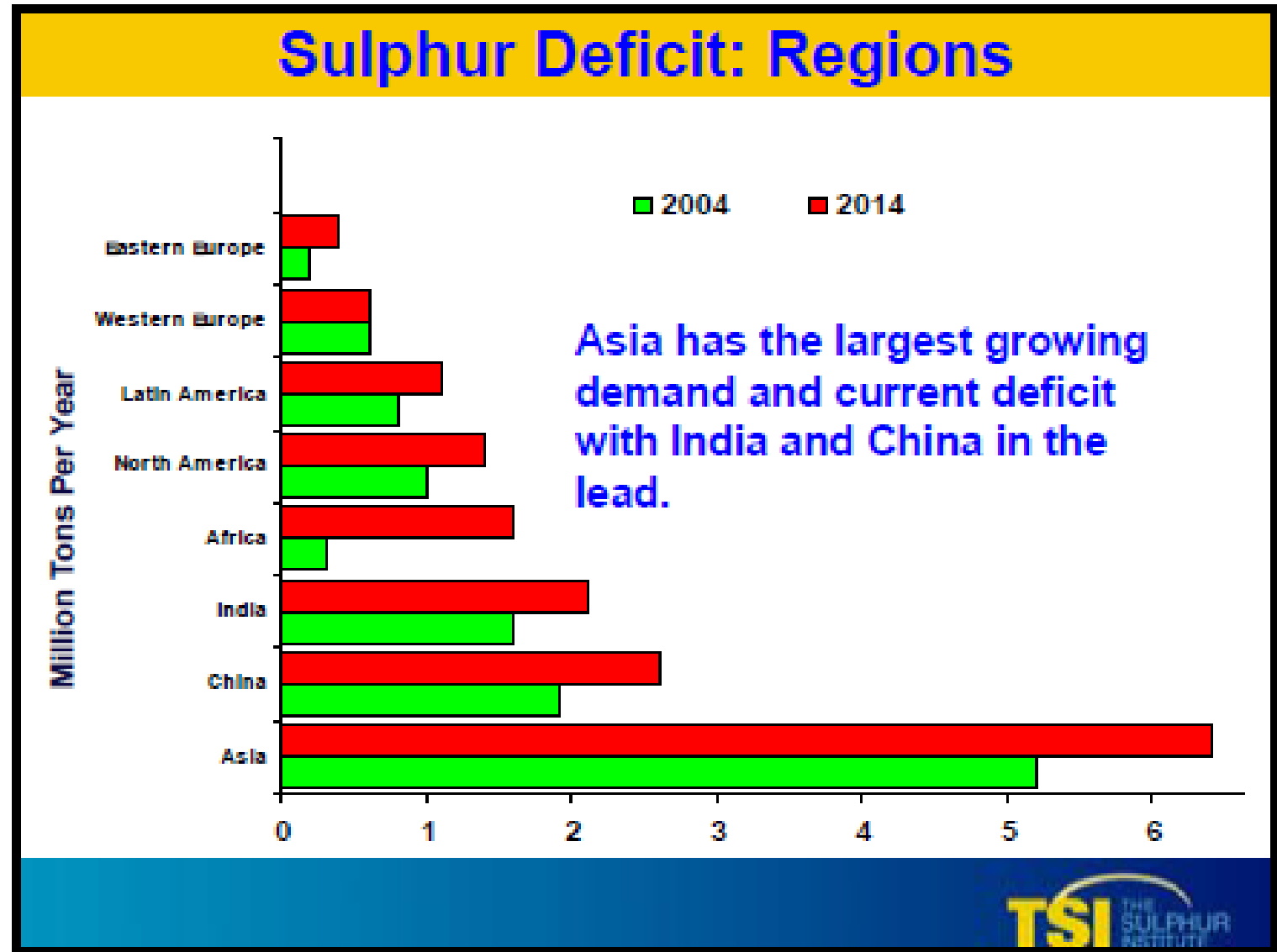
Plant Nutrient Sulphur Requirement and Deficit (Mt)



Markets for Amarak : Sulphur Deficit Regions of the World



SULPHUR BENTONITE



Marketing Strategy for International Business

- Distributors appointed and sales have commenced : Nepal, Bangladesh, UAE, Taiwan & Uganda.
- MoU for registration of products : Romania, Hungary, Bulgaria, Poland, France & Finland.
- Agents appointed : UAE & North Africa.
- A global business team, located in Mumbai & Sharjah has been identified
- Marketing process commenced in EIGHT countries : Spain, USA, Israel, Pakistan, Egypt, Japan, Italy & Germany.
- Product & Company Showcases at international conferences and product expos.

₹ in Crores

	Asia	Middle East	Africa	Europe	Total
FY10 Sales	0.9	15	-	-	15.9
FY11 (E) Sales	13	18	11	5	47
FY12(E) Sales	23	39	26	9	97
<i>FY10% of total group sales</i>	<i>0.25%</i>	<i>9.60%</i>	<i>-</i>	<i>-</i>	<i>9.85%</i>
<i>FY11 (E)% of total group sales</i>	<i>6%</i>	<i>8%</i>	<i>5%</i>	<i>2%</i>	<i>21%</i>
<i>FY12 (E)% of total group sales</i>	<i>8%</i>	<i>13%</i>	<i>9%</i>	<i>3%</i>	<i>33%</i>

Aries Group : Our Growth Story

₹ in Crores

	2006-07	2007-08	2008-09	2009-10	2010-11 <i>E</i>	2011-12 <i>E</i>
<i>Sales</i>	74.1	103.3	113.1	152.45	225	295
<i>PBT</i>	14.0	18.1	8.3	23.86	39.15	53.00
<i>PAT</i>	8.7	14.2	6.4	16.24	29.00	40.25

	2009-10	2010-11
Q1 Sales	18.19	21.75
Q2 Sales	33.59	50.00 (E)
H1 Sales	51.78	71.75 (E)

Aries Group – Consolidated Global Operations

₹ in Crores

	2009-10		2010-11 E		2011-12 E	
	Sales	EBIDTA	Sales	EBIDTA	Sales	EBIDTA
Aries Agro	134.39	28.26	175	38.50	205	47.00
Indian Subsidiaries	2.18	0.38	5	0.75	10	1.50
Golden Harvest	15.88	5.69	20	5.00	30	7.50
Amarak Chemicals	-	-	25	6.00	50	12.50
TOTAL : Aries Group	152.45	34.33	225	50.25	295	68.50
	PBT	PAT	PBT	PAT	PBT	PAT
Aries Agro	19.01	11.48	28.90	19.00	36.00	23.75
Indian Subsidiaries	0.27	0.18	0.75	0.50	1.50	1.00
Golden Harvest	4.58	4.58	4.50	4.50	5.50	5.50
Amarak Chemicals	-	-	5.00	5.00	10.00	10.00
TOTAL : Aries Group	23.86	16.24	39.15	29.00	53.00	40.25

Spreading Knowledge in Rural Communities



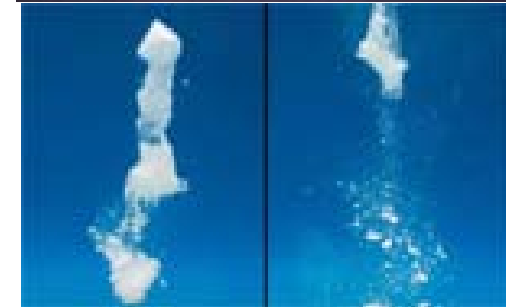
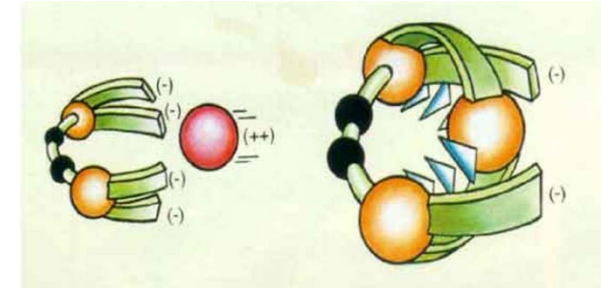
- UniConnect
- Bal Krishak Sambodhan
- Suryodaya



- 4000 students in 50 Rural schools conducted by Aries expert staff to expose students to latest knowledge of agricultural practices
- 66 structured lab-to-land programmes that connected university faculty, researchers and students with young farmers.
- 660 farmers training meetings impacting 34,550 farmers in 10 states

Strategic CSR Initiatives - 1

- Environmentally Sensitive Chelates form the flagship product range
- Water Soluble packaging eliminates use of plastic and aluminium foil
- Helping Indian Rural farmers understand and strategize to deal with Climate Change
- Knowledge spread in rural communities
 - UniConnect
 - Bal Krishak Sambodhan
 - Suryodaya



Strategic CSR Initiatives - 2

- Encouraging Innovation in Farming Next Practices
- Advisory Services through MCX's Grameen Suvidha Kendra Network
- Certifying Essential Skills to increase employability of rural youth
- Philanthropy
 - National Association for the Blind, Gujarat – classrooms for blind school
 - Shrishti Foundation, Kakinada
 - Higher Education Forum : Library for poor children in Navi Mumbai
 - CII : Support for Leh Disaster Relief



Key Takeaways

- Vast experience of the Promoter Group
- Highly qualified and experienced management team
- Locational advantage of manufacturing units, branches and distribution network
- Unmatched distribution reach, including a fleet of 100 Rural Retail Vehicles
- International manufacturing base and global marketing partnerships
- In house research and development
- Upgraded ISO 9001:2008 certified Quality Management System
- Widest range of specialty plant nutrition solutions
- High brand recognition and brand strength in rural communities
- Capability to handle multiple customized formulations and varied SKUs to serve varied needs of large as well as small and marginal farmers
- Leadership position within a high growth, profitable, niche sector of agribusiness in India
- Product range is strategically critical to improving productivity through balanced crop nutrition



Aries House, Plot No.24, Deonar, Govandi (East), Mumbai 400 043, India.

www.ariesagro.com

Industry | The Wonder of Chelation Technology

- Nutrients can be applied to crops in inorganic form or Chelate form
- 60% of inorganic compounds are wasted by leaching, fixation and due to its property of reacting easily with air, water & soil
- Aries products, which are Chelated, are able to deliver the nutrient more effectively to the crops, ensuring 100% availability.
- Nutrients ion is held in a claw-like structure which makes it chemically inert
- Soluble in water and easily absorbed by plants

