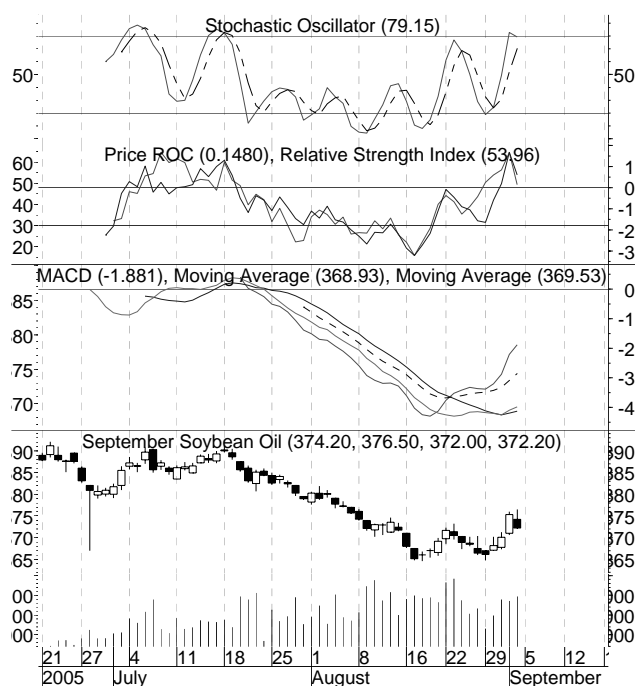


VEGOIL

02nd September 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved on Concerns of Declining Crop Weather in Illinois
- South American Soybean Improved Further on Declining Trade Prospects in US
- Crude Palm Oil Futures Continued Improving on Increased Short Coverings
- Soybean Oil Prices Improved Marginally On Increased Retail Support



TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX September Contract

The September contract closed at 372.20, which is significantly lower than yesterday's close. Market opened weak and continued further lower for the day amidst increased selling pressure.

The technical indicators are lower opening and unsteady trade for tomorrow.

Market advice:

Market is expected to open lower and trade range bound for Friday, with slight recovery towards the end session

Short selling in the opening session would yield profit.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|-----------|---------|--------|------------|--------|
| | | 1st | 2nd | 1st | 2nd |
| NBOT | Sept' '05 | 367.60 | 366.10 | 372.40 | 374.50 |
| NCDEX | Sept' '05 | 371.00 | 370.10 | 375.30 | 377.00 |

MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

The market experienced choppy, two-sided trade earlier in the session as some hope that the export terminal elevators and river barge traffic could be seeing some activity next week clashed with continued concerns over when power would be restored.

Big deliveries and fears of losing business to South America continue to pressure the market.

Weak basis levels in the Midwest are a function of the port closings. Dryness in the Midwest has helped provided support, as conditions do not look ideal for the tail end of the growing season, especially northern Illinois.

Weekly US export sales for soybeans came in at 625,400 metric tonnes, which was towards the low end of trade expectations. Cumulative new crop sales have reached just 9.8% of the USDA forecast as compared to 19.6% on average over the last five years.

The US soybean is expected to trade higher on Friday evening amidst declining crop prospects.

CBOT Soy oil futures as 01.09.2005

(Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| 5-Sep | 22.41 | 22.39 | 22.82 | 22.16 | +0.41 | 22.82 |
| 5-Oct | 22.51 | 22.50 | 23.00 | 22.31 | +0.48 | 22.99 |
| 5-Dec | 22.80 | 22.80 | 23.32 | 22.56 | +0.50 | 23.30 |
| 5-Jan | 22.95 | 22.97 | 23.45 | 22.80 | +0.50 | 23.45 |

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

With New Orleans port down for at least several more days, South American soybeans improved marginally yesterday, as the bearishness for the US port situation would seem to be a positive factor for the Brazil and Argentina soybean markets.

India's groundnut and soybean areas have been too dry and look to stay dry for another week with above normal temperatures. India monsoons have been 94% of normal for the June to August period but 51% below normal for the week ending August 31st.

There is still plenty of uncertainty over when power will be restored to the gulf region. With continued big deliveries this morning, volatility is likely to continue, but the action may be two sided today evening.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended in positive territory for a fifth straight day Friday, with the bulk of the gains coming again very late in the day amid speculative buying.

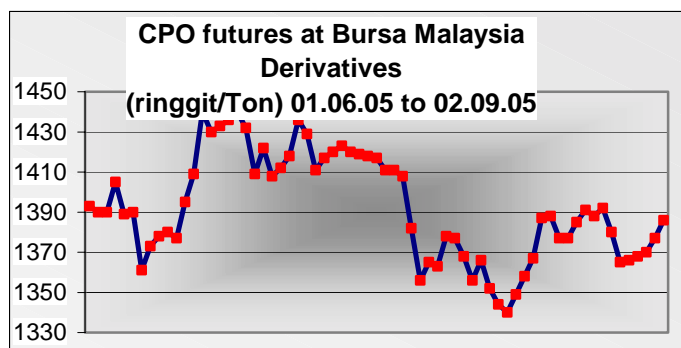
Participants prefer to wait for the rupiah to stabilize before taking positions as changes in the rupiah may affect CPO prices.

The Malaysian Palm Oil Board is scheduled to issue official production, exports and stocks figures for August while the U.S. Department of Agriculture is due to release its latest soybean production estimates.

The market players are waiting for official August supply and demand data from the Malaysian Palm Oil Board due mid-September for making new move.

KLCE CPO Futures (02.09.05) (In Ringgit /T)

| Months | Previous | Open | High | Low | Change | Close | Volume (*lots) |
|---------|----------|------|------|------|--------|-------|----------------|
| Sep '05 | 1362 | 1368 | 1369 | 1363 | +7 | 1369 | 264 |
| Oct '05 | 1375 | 1378 | 1382 | 1373 | +7 | 1382 | 644 |
| Nov '05 | 1377 | 1380 | 1386 | 1376 | +9 | 1386 | 2135 |



Domestic:

Palm oil

The domestic palm oil market today traded on the high owing to increased retail demand and declining prices in other edible oil markets.

In the month of August, till 31.08.05 the country has imported about 3.67 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 360.00 per tonne and RBD Palmolein at \$ 397.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the higher side on Saturday amidst improving futures in the other edible oil markets and growing retail demand.

Palm oil - Spot Market Price (Rs. per 10 kg)

| Centres | 02.09.05 | 01.09.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 327 | 323 | +4 |
| Mumbai CPO (5% FFA) | 329 | 324 | +5 |
| Kandla RBD Palmolein | 362 | 358 | +4 |
| Mumbai RBD Palmolein | 367 | 364 | +3 |
| Chennai RBD Palmolein | 358 | 357 | +1 |
| Kakinada RBD Palmolein | 360 | 359 | +1 |

Soy oil

The domestic market opened range bound, continued on the lower side for the first trading session but improved in the second half as the day progressed amidst increased buyers support.

In the month of August, India has imported about 2.67 lakh tonnes of soybean oil till 31.08.05. The Hazir markets improved sharply amidst increased retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 335 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 511 per tonne.

The market is expected to open range bound but improve as the day progresses on Saturday amidst growing buyers support. Buy with short and medium outlook.

Soybean oil - Spot Market Price (Rs. per 10 kg)

| Centres | 02.09.05 | 01.09.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 354 | 352 | +2 |
| Indore (Soy Ref oil) | 369 | 364 | +5 |
| Indore (Soy Solvent Ex. oil) | 345 | 339 | +6 |
| Kota (Soy Ref. Oil) | 372 | 367 | +5 |
| Jaipur (Soy Ref. Oil) | 374 | 369 | +5 |

NBOT Soy oil futures as on 02.09.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Change | Close Price | Volume |
|---------|------------------|------------|------------|-----------|--------|-------------|--------|
| Sept'05 | 372.30 | 372.10 | 374.10 | 370.20 | -1.40 | 370.90 | 17800 |
| Oct '05 | 377.30 | 377.50 | 380.30 | 376.10 | -0.80 | 376.50 | 32510 |
| Nov '05 | 0.00 | N.A | N.A | N.A | 0.00 | N.A | N.A |

NCDEX Soy oil futures as on 01.09.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|---------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Sep'05 | 375.30 | 374.20 | 376.50 | 372.00 | 372.20 | 14660 | 20190 |
| Oct '05 | 378.70 | 378.00 | 381.00 | 375.20 | 375.80 | 30640 | 30870 |
| Dec '05 | 378.75 | 377.50 | 380.90 | 375.30 | 375.70 | 8560 | 10260 |

Rape oil

The rape oil prices continued range bound amidst increasing support from the buyers owing to approach of the festival demand in the coming months.

Today the mustard arrival was 0.14 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, Hapur and the Bikaner closed range bound, in spite of the early decline amidst increased buyers' support.

The rape market is expected to continue on the higher side on Saturday. Buy with short and medium outlook.

Rape oil - Spot Market Price (Rs. per 10 kg)

| Centres | 02.09.05 | 01.09.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | 400 | 391 | +9 |
| Kota (Rape Expeller Oil) | 380 | 380 | 0 |
| Jaipur (Rape Expeller Oil) | 381 | 379 | +2 |
| Neewai (Kacchi Ghani Rape Oil) | 400 | 395 | +5 |
| Delhi (Rape Expeller Oil) | 405 | 396 | +9 |

Groundnut oil

The groundnut market improved significantly on increased demand in the western part of the country owing to the upcoming Ganesh Chaturthi festival, while the southern markets remained range bound.

Area under groundnut crop was lower mainly due to lesser coverage in Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu and Uttar Pradesh.

The domestic market is expected to continue trading on the high on Saturday amidst expected increased demand.

Groundnut oil - Spot Market Price (Rs. per 10 kg)

| Centres | 02.09.05 | 01.09.05 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Excluding VAT) | 520 | 495 | +25 |
| Rajkot | 535 | 520 | +15 |
| Andhra Region | 522 | 515 | +7 |
| Chennai | 524 | 520 | +4 |

LATEST WEATHER WATCH (02.09.2005)

Weather Forecast

The upper air cyclonic circulation extending between 2.1 to 4.5 km above sea level over Gujarat & neighbourhood has become less marked.

Forecast Valid For Next 72 Hours

NORTH: Mainly dry weather in the region.

SOUTH: Rain/thundershowers likely at few places in the region. Rainfall activity likely to increase over Andhra Pradesh and Karnataka from 3rd.

WEST: Rain/thundershowers likely at a few places over Konkan & Goa and Madhya Maharashtra.

Warning

None.

Outlook For The Next Two Days

Moderate rainfall activity over south Peninsula and North-eastern States is likely to continue.

Mainly dry weather is likely over northwest of India.

Rainfall activity likely to increase over east central and eastern India

PORT-WATCH (Latest)

Mundra Port is receiving 7,500 MT of SBO from the vessel 'Champion Vincita'. The cargo was loaded from Argentina. Interocean agents is handling the vessel.

Delivery of 19,000 MT of SBO is continuing from the vessel 'Fedelity' at JN Port. Shantilal agents is handling the vessel.

Kolkata Port is receiving 9,550 MT of SBO from the vessel 'Montana Star'. JM Baxi agents is handling the vessel.

Delivery of 19,000 MT of SBO is expected at Kandla Port from the vessel 'Champion Vincita'. The cargo was loaded from Argentina. Interocean agents will be handling the vessel. The port is expecting 'Khadijah' from Malaysia to deliver 6,250 MT of CPO. The vessel will be handled by JM Baxi agents.

Delivery of 10,000 MT of palm oil is expected at Mumbai Port from the vessel 'Chemstar Hero'. JM Baxi agents will be handling the vessel.

'Tirta Niaga 2' is expected at Chennai Port to discharge 4,000 MT of palm oil. Unicorn agents will be handling these vessels.

Delivery of 3,000 MT of palm oil is expected at Cochin Port from the vessel 'MMM Kingston'. GAC agents is handling the vessel.

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|-----------|------------------|--------------|----------|----------|
| Kandla | Champion Vincita | 19000 | SBO | Expected |
| | Khadijah | 6250 | CPO | Expected |
| Mumbai | Chemstar Hero | 10000 | Palm oil | Arrived |
| Kolkata | Montana Star | 9550 | SBO | Arrived |
| Chennai | Tirta Niaga 2 | 4000 | Palm oil | Expected |
| Tuticorin | Siam Bhavas | 6000 | CPO | Arrived |
| Cochin | MMM Kingston | 3000 | Palm oil | Expected |
| Mundra | Champion Vincita | 7500 | SBO | Arrived |
| JN | Fedility | 19000 | SBO | Arrived |

Forex Rates

(As on 02.09.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 44.12 |
| Malaysia | Ringgit | 11.71 |
| European Union | Euro | 54.38 |
| United Kingdom | GBP | 79.53 |
| Japan | 100 Yen | 39.81 |

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