

Domestic Market Recap:

At present, stocks from central warehouses overflowing on bumper harvests and the onset of the monsoon has raised concerns stocks outside could be damaged, adding to pressure for sales. And government trying solve the problem of storage space by making additional allocation of grains for BPL/APL in succession.

As government granaries are overflowing with stocks, the Centre allocated an extra 5 million tonnes of rice and wheat under ad hoc additional allocation scheme to benefit 11.50 crore APL families at subsidized rates till March, 2012.

Farmers in major rice growing areas have been delaying paddy transplantation operations which were already under progress. If rains fail to pick up in the next two weeks in these areas, it could slash the country's rice production.

Paddy (Dhan) prices remained steady in major domestic markets. Rice retail and wholesale prices were also showing weakness in prices. Retail prices were down by 0.05 per cent to Rs. 19.91/kg and wholesale prices were down by nearly 0.58 per cent to Rs. 1781.24 per quintal, as ample stocks available in the market.

The government agencies have procured 30.87 million tonnes of rice since October 2010 to June 20th, 2011 up by 6.73% from same period last year.

Paddy Crop Progress and Weather:

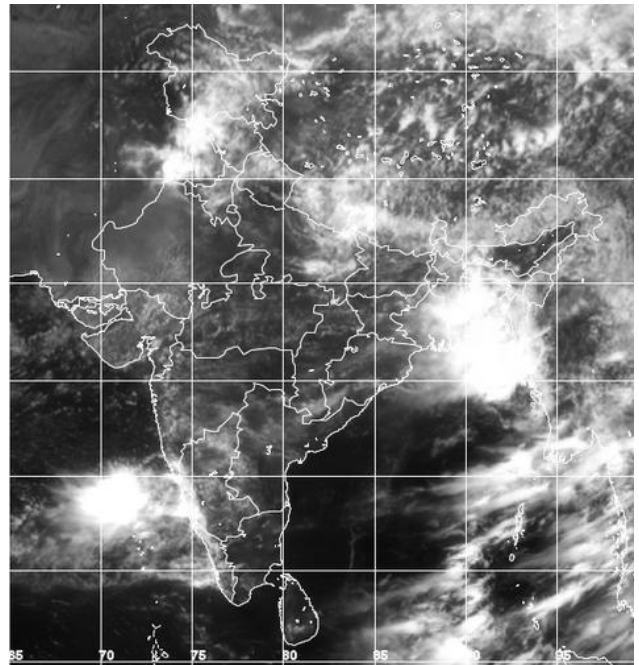
Southwest monsoon has further advanced over some more parts of Arabian Sea, some parts of Gujarat region, remaining parts of Maharashtra and East Madhya Pradesh, most parts of West Madhya Pradesh and some more parts of West Uttar Pradesh.

Widespread rainfall occurred over Himachal Pradesh, Uttarakhand, Uttar Pradesh, Bihar, West Bengal & Sikkim, northeastern states and Jharkhand; fairly widespread over Haryana and Orissa; scattered over east Madhya Pradesh, Konkan & Goa and Karnataka and isolated over Punjab, Chhattisgarh, Gujarat, Madhya Maharashtra, coastal Andhra Pradesh and Tamil Nadu.

Rice field activities like Kharif dry direct seeded paddy, irrigation in rice seedlings are in progress, harvesting of summer rice, nursery rising of rice are also in progress on favorable weather conditions. In some parts of Andhra Pradesh farmers paused the sowing activities.

Weather Outlook (1st -7th July):

Widespread rain/thundershowers with isolated heavy to very heavy falls would continue over east Uttar Pradesh and east & northeast India.

**2011-12 Season Paddy Sowing and Growth Scenario:**

India's key monsoon rains were 10 percent above normal in the past week to June 29, slowing from the 23 percent above average rains in the previous week. The slowing rains reflect a weakness in the monsoon over south and western India's rice. Meanwhile, paddy planting is in progress and any delay in occurrence of second round rains in July month may impact considerably the rice production prospects of rice.

Current Market Dynamics and Outlook

Ministry of consumer's affairs has approved quantity of about one million tonnes of non-basmati rice and traders are in expectation that the EGoM most probably will also approve this quantity. This EGoM decision regarding lift of export ban on non-basmati rice likely positive as the government has a huge stock of rice amid higher international market prices for rice up to USD 500-550 per tonnes. Meanwhile, market participants also expecting that government will allow up to 3-4 MMT of non-basmati rice export.

The government had earlier authorized State Trading Corp (STC), to export 200,000 tons of non-basmati rice and 100,000 tons of wheat from government stocks to Bangladesh. It had also asked PEC Ltd., another state-run trading agency, to oversee the shipment of 100,000 tons of rice and an equal quantity of wheat to the neighboring country.

Spot Market Rice Prices

(Price in Rs. /qtl)

Delhi Market:

Variety	30.06.2011	23.06.2011
Basmati Common	5000	5000
Sharbati raw	2900	2900
Sharbati sella	2930	2950
Parmal raw	2200	2200
Parmal sella	1890	1900
DB Rice (white raw)	3840	3900
1121 Sella	4100	4200

Rudrapur (Uttarakhand) Market:

Variety	30.06.2011	23.06.2011
Parmal paddy	1000	1000
Parmal raw rice	1900	1850
Sharbati Steam	2900	3100
DB steam	4100	4200

Burdwan (West Bengal) Market:

Variety	30.06.2011	23.06.2011
IR 36 (super)	3400-3500	3400-3500
Minikit Shankar	3800-3900	3800-3900
DoodhKalma	3900-4000	3900-4000
Swarna (New)	1800-1850	1800-1850

Amritsar (Punjab) Market:

Variety	30.06.2011	23.06.2011
Sharbati Sella rice	2900-2950	2900-3000
Sharbati raw rice	2900-2950	2800-2900
Sharbati steam	3000-3100	3000-3100
Basmati rice raw	4200-4500	4200-4500
Basmati Paddy	2000	2000
Parmal Govt. Quality	1800	1750
Parmal Wand (New)	2000	2000
1121 Steam	4800-5000	4800-5000

Karnal (Haryana) Market:

Variety	30.06.2011	23.06.2011
Basmati rice raw	6200	6000
Sharbati steam	3300	3200
Sharbati sella	2900	3000
Parmal raw rice	1850	1900
Parmal sella	1850	1750
DB Rice Sella	3200	3500
IR8	1650	1650
1121 Sella	3900	3900

Progressive Procurement of Rice (as on 20/06/2011)

(Unit: Lakh Tonnes)

State	Total Procurement in Marketing Season 2009-10 (Oct. - Sept.)	Progressive Procurement as on 20.06.2011		% change Y-O-Y
		In Marketing season 2010-11	In Marketing season 2009-10	
Andhra Pradesh	75.55	79.34	58.31	36.07
Chhattisgarh	33.57	35.88	31.15	15.18
Haryana	18.19	16.87	18.16	-7.10
Kerala	2.61	2.58	2.59	-0.39
Maharashtra	2.29	2.21	2.01	9.95
Orissa	24.96	21.32	21.39	-0.33

Punjab	92.75	86.35	92.90	-7.05
Tamil Nadu	12.41	13.48	10.70	25.98
Uttar Pradesh	29.01	23.51	26.61	-11.65
Uttaranchal	3.75	3.89	3.69	5.42
West Bengal	12.40	9.83	10.96	-10.31
All India	320.34	308.77	289.31	6.73

The government has procured 30.87 million tonnes of rice since October 2010 to June 20th, 2011 up by 6.73% from same period last year. Andhra Pradesh state seen higher procurement and other states like Tamil Nadu, Maharashtra, Uttaranchal and Chhattisgarh also seen increased procurement in current marketing period.

Domestic Price Outlook

Paddy Price in various markets during the Week

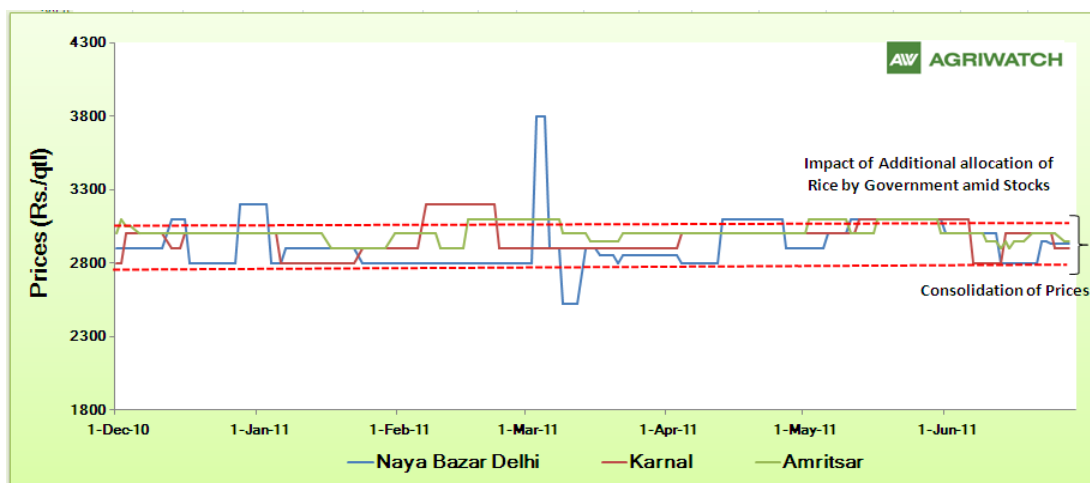
(Prices in Rs. /quintal)

Market	Variety	24/06/2011	25/06/2011	26/06/2011	27/06/2011	28/06/2011	29/06/2011
Bodhan (AP)	MTU 1010	1020	1030	1030	1010	1020	1020
Nizamabad (AP)	MTU-1010	910	900	1100	910	910	900
Badepalli (AP)	Hansa	969	970	975	980	1000	1037
Neora (Chattishgarh)	Paddy	850	855	850	850	800	750
Balod (Chattishgarh)	IR 64	835	815	825	820	825	820
Gangavathi (Karnataka)	IR 64	907	920	920	920	-	933
Raichur (Karnataka)	Sona Mahsuri	1150	1026	1026	1090	1020	1089
Tumkur (Karnataka)	Sona	1250	1250	1250	1150	1200	1150
Cheyyar (Tamil Nadu)	Super Ponni	915	897	900	897	880	880
Kalavai (Tamil Nadu)	Super Ponni	-	-	-	-	-	-
Vandavasi (Tamil Nadu)	Super Ponni	920	925	925	924	926	926

Paddy prices in major markets remained range bound during the period as a result of reduced off-take from the traders/ millers during ample stock condition amid continuation of export ban on non-basmati rice.

We expect that paddy prices likely to remain range bound at current price levels any positive decision regarding lifting of ban on non-basmati rice export may support paddy as well as rice prices in the market.

Sharbati Sella Rice Price Expectation



Domestic market rice prices remained weak during the last week on sluggish demand in the domestic market amid ample stocks with stockists, traders, millers and in central pool. Government's additional allocation for APL families amid ample stock levels continued to weigh on prices.

Sharbati sella rice prices likely to remain in the price range of Rs. 2750-3100/quintal. Aromatic rice prices are expected to remain steady to weak on lean export demand and the price range will be Rs. 5000-6500/qtl.

South India's major rice growing areas received deficit to scanty rains and the return of rains in July mid as per IMD forecast may bring hopes on production prospects during 2011 Kharif season.

International Market Highlights:

USDA pegged its rice plantings at 2.676 million acres, down from its March estimate of 3M. Cut fuels supply concerns as growing areas have struggled with poor weather this spring. Flooding from the Mississippi River submerged some acres, and the South has recently been too hot and dry.

As per the source, **Vietnam** exported more than 3.7 million tons of rice in the first six months of this year, up about 5 per cent from the first half of 2010. International demand was increasing, creating good opportunities for Vietnam's rice exporters amid raising export quotes of rice from Thailand which is introducing new pricing policy for rice.

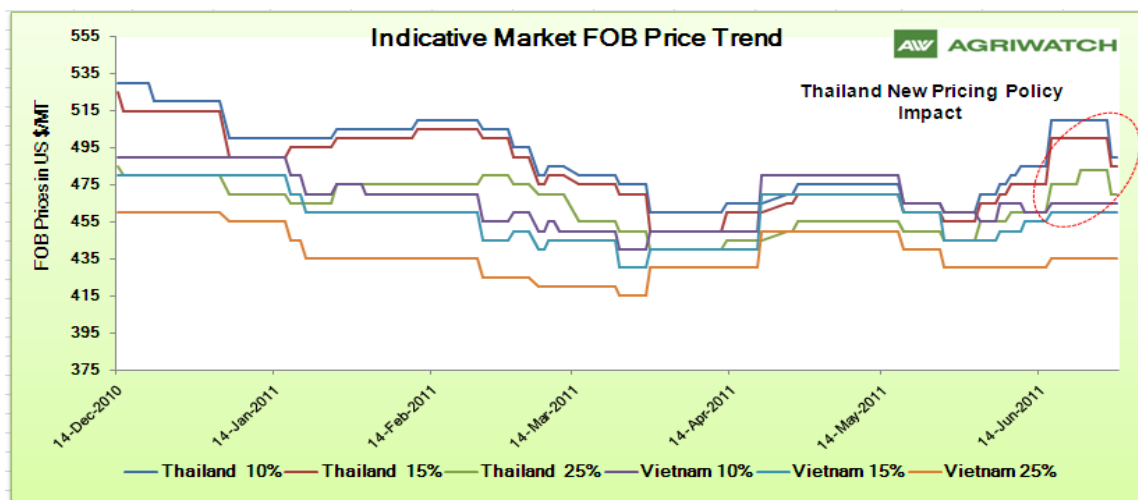
Vietnam's biggest rice customer, the Philippines, signed contracts for 600,000 tons from January to June, of which 200,000 tons had been shipped by the end of June. The Philippines has imported 1.5 million to 2 million tons of Vietnamese rice annually in recent years.

Thailand: As per the agriculture ministry of Thailand, they plan to increase annual production by 15 percent to 35 million tonnes of paddy by 2015 to meet rising global demand amid lower supply situation in many countries. Thai rice export quotes fall by US\$ 15-30 per metric tonnes (FOB) compared export quotes during previous week on uncertainty over Thai government new pricing policy. Traders expecting that, prices may rise and shipments could fall by as much as 50% on government new pricing policy which has the intention to buy the rice at above market rates.

The Thailand government projects total 2011 exports to reach 9.5-10 MMT as a result of major purchases from Bangladesh, Iraq and others. Meanwhile, Thailand exported 8.7 million tonnes of the staple grain in 2010.

Thailand's rice exporters are in dilemma and making fewer export offers. Meanwhile, rise in prices may hinder the buyers to opt for Thai rice and demand may shift towards Vietnam rice which is available at lower price of 30-45 per metric tonnes in comparison to Thai rice.

Rice supply in **China**, may decline after drought and floods damaged crops, potentially boosting inflation and increasing imports.



Asian rice prices will likely to rise on Thailand new pricing policy amid slowing supply from Pakistan and upcoming demand from Sri Lanka. Global rice demand was expected to remain strong in the coming years while supply in major rice producing countries was likely to be reduced by harsh weather conditions.

CBOT Futures Quotes for Rough Rice

CBOT rough rice futures (July Contract) prices remained with bearish sentiment during the week and it continued to fall by 3.24 per cent to 13.27 and at week ending day (30th July) price took support at 13.27 level on fundamental factor that USDA's cut its rice planting estimates.

Contract	Current (30/06/2011)	Week ago (23/06/2011)	Month ago (30/05/2011)	Year ago (31/06/2010)	% Change over previous year
Jul	13.89	13.70	15.19	11.64	+19.33
Sep	14.85	14.73	16.13	11.66	+27.36
Nov	15.17	15.06	16.43	11.77	+28.89
Jan	15.49	15.38	16.73	12.04	+28.65

Note: (Closing Prices as on June 30, 2011)

(Prices in USD/hundredweight)

CBOT Market Rice Scenario (July 11 Contract):



CBOT rough rice futures prices remained bearish in the last week on varied factors as discussed above and we expect price movement will be firm with range of USD 13.50/ hundredweight to USD 15.00/hundredweight in the coming week.

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