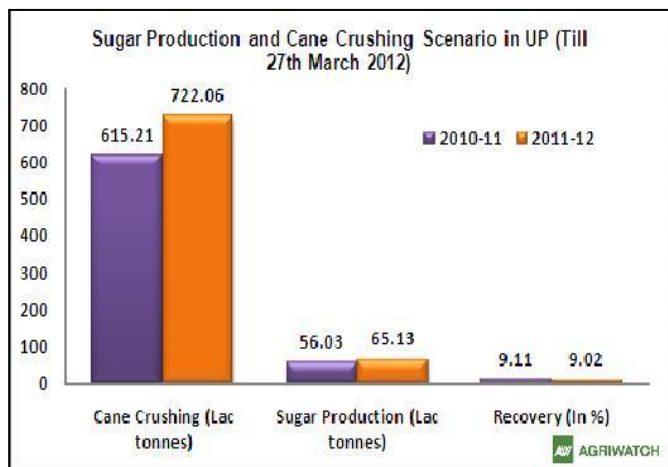
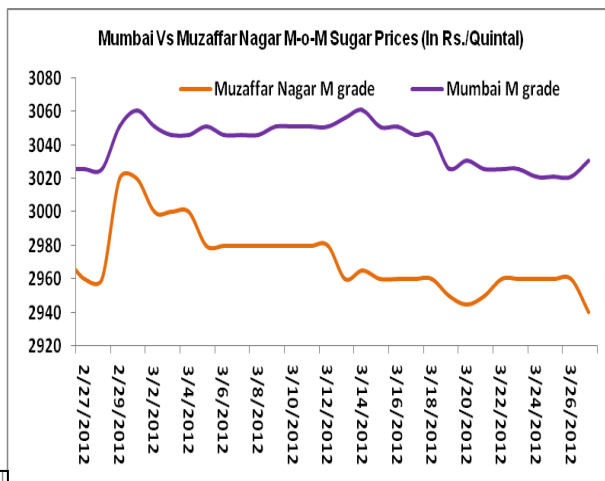


Domestic Market Recap & Price Outlook:

Sugar prices moved in a range with a weak tone during the last month in key spot markets. Dull demand, increasing supply pressure from millers and overall high sugar production scenario became the major influencing factors for the decline in prices.

However, recently government allowed an additional 1 million tons sugar exports under OGL in a meeting held on 26th March 2012 which takes the overall sugar exports figures to 3 million tons. .

As far as Sugar production is concerned, 211.6 lac ton of sugar has been produced by Indian mills till



15th March 2012 which is approx. 14% higher compared to last year sugar produced by mills same period. Out of the total sugar production, UP mills have crushed 722.06 lac tons of sugar cane and produced 65.13 lac tons of sugar with an average recovery of 9.02% till 27th March 2012. Till date sugar production in UP is 16% higher compared to last year same period sugar produced by mills. It is noticeable that only 86 mills are still crushing cane in UP out of 124 total mills at present.

India has exported 1 million tons sugar in the current season. The government has so far allowed 2 million tons of sugar exports. In Jan, Indian sugar exports reached at 1.5 lac tons and reached 3.5 lac tons in Feb. But recent hike in International prices and decline in domestic sugar prices brings parity to the Indian exports. Millers and government have to consider the Brazil crop arrivals in the Mid of April month which will decrease the International white sugar prices which squeeze the export parity and export before that.

Meanwhile, the Government removed quota system for sugar exports which means that millers will have to take licenses on first come first serve basis. Basically, mills located in coastal areas or near to ports like TN, Maharashtra and Gujarat will benefit with this. It is noticeable that some quantity of sugar exports has been blocked as government allocated sugar export to those mills which are unable to export sugar due to their distance from ports. The decision is expected to boost the sugar exports.

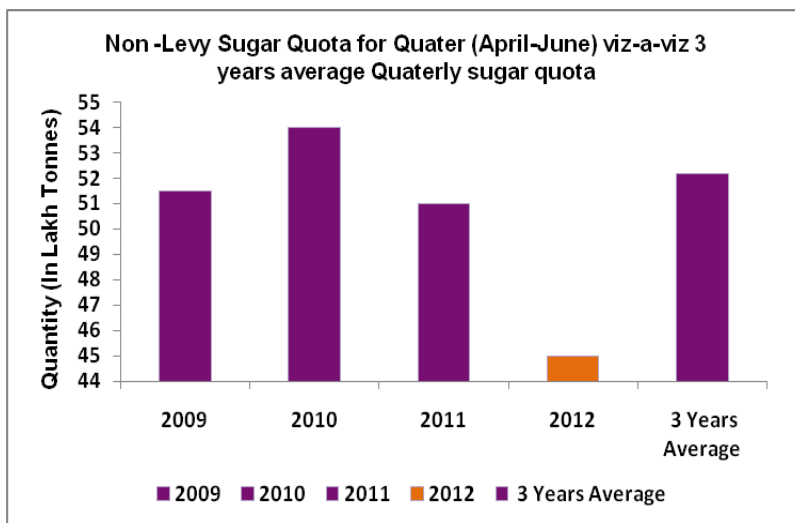
Sugar prices have declined in the last month and reached the bottom for the month. We expect prices will move in a trading range with some weakness in prices in the coming month.

Monthly News Highlights:

- Iran is looking forward to importing sugar from India in future. It is noticeable that Iran has purchased around 60000 tons of sugar from India through Dubai – based middleman.
- Maharashtra mills have produced 71.3 lac tons of sugar till date with an average recovery of 11.39% in 2011-12. Recent sugar produced by millers is 872,000 tons higher compared to previous year same period.
- Demand remained weak in Chennai market and millers are just quoting their prices and there are only need based buying from buyers of sugar has been reported.
- Government's new terms for millers applying for sugar export licenses creates new problems for sugar millers. According to new terms, mills have to clear all cane payment dues and also have to fulfill timely distribution of allocated levy sugar before applying for the sugar exports.
- Recent increase in International sugar prices and continuous decrease in domestic sugar prices provide the opportunity to millers to export. It is noticeable that miller's export premium has improved from Rs 2500/ton to Rs 3000/ton.
- Finance Minister reduced the basic custom duty from 7.5% to 2.5% on various farm equipments to reduce the labor shortage problem including on sugarcane planter, root or tuber crop harvesting machine and rotary tiller and weeder.

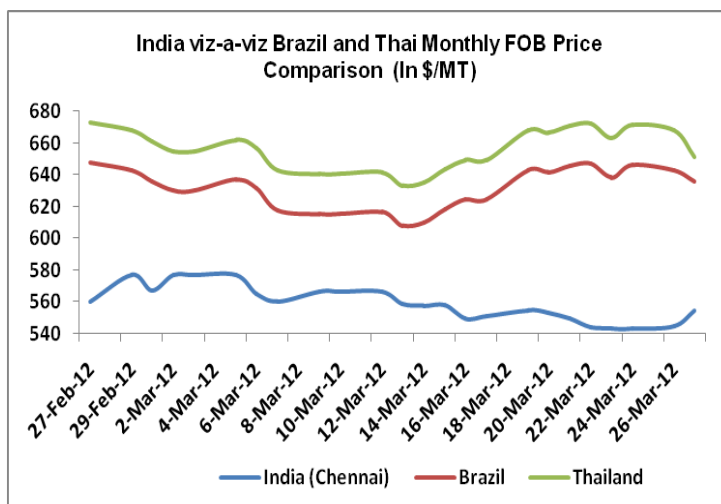
Non-Levy Sugar Quota for Quarter (April-June) 2011-12:

Government allocated 46 lac tons (including 1 lac ton carry over quantity of March) total non-levy sugar quota for the quarter of April to June 2012 which is 12% lower compared to sugar quota released by government last year same quarter. Government released the order with the condition that the sugar mills should sell and deliver / dispatch not less than 25% of the quarterly quota in each month of the quarter and that the remaining 25% can be sold and delivered / dispatched at any time during the quarter as per their commercial prudence.



Sugar Export Opportunity:

Indian CIF prices to Indonesia ~650-726 are looking competitive compared to Brazil and Thailand CIF prices especially from Maharashtra and Chennai owing to recent appreciation in Dollar rates and decline in domestic prices. However, export parity still not available from UP market due to the higher transportation and labor charges compared to other domestic sourcing centers. It is noticeable that TN mills have got around 83130 tons of sugar exports licenses out of 10 lac tons sugar export orders released by government. Meanwhile, millers are getting higher premium owing to increase in sugar prices internationally. At present, millers are getting USD 60 per ton, against USD 48 per ton last month. It is noticeable that Brazilian new sugar arrivals will hit the market in May which might depress the prices of sugar in ICE as well as in LIFFE that might result in no export parity for Indian exporters.



Comparative Sugar FOB & CIF Prices (USD/MT)			
	South (T.N)	West (Maharashtra)	North (U.P)
	Chennai S 30	Kolhapur S 30	Muzaffar nagar M 30
FOB India (USD/MT) (With Premium)	619.38	644.94	684.26
CIF up to Indonesia	651.06	686.69	726.14
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	648.80	688.80	
CIF (USD/MT) (With Premium) up to Indonesia	714.75	710.87	

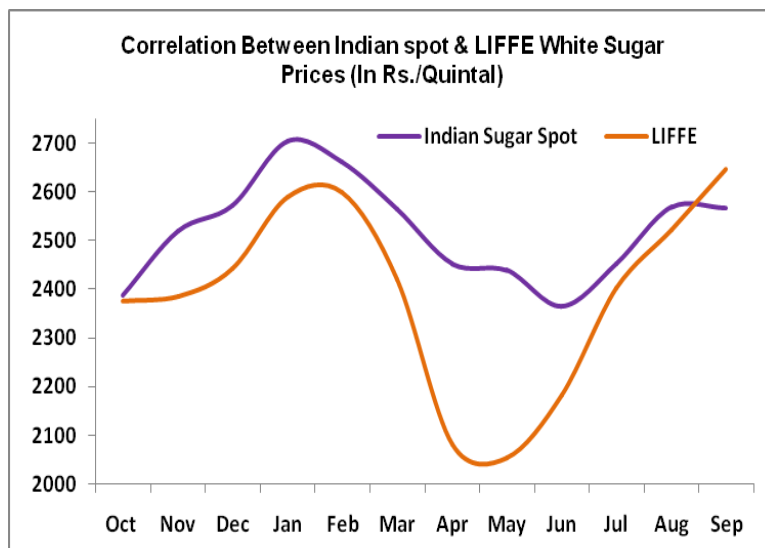
* Note: Sugar prices have been taken on the basis of average of high and low.

Meanwhile, Thai white sugar premium fell to \$15 per MT from \$25 per MT due to concerns over additional sugar supply from India. Meanwhile, India might convert this opportunity to contract exports to nations like Iraq and Indonesia which traditionally buy sugar from Brazil and Thailand respectively. Indonesia has showed their interest as domestic Indonesian sugar prices touched a 12 month high. Also, Iran has showed some interest in buying sugar from India. Recently Iran bought 60000 tons of sugar from India.

Correlation Between Indian Spot Prices (Nigohi) & LIFFE White Sugar Prices:

As chart suggests, normally prices in April month remains at its lowest level in domestic as well as International markets. There is a strong correlation and coefficient (0.75) between prices of India with LIFFE white sugar prices. It means that if prices in LIFFE go up then it will be followed by Indian Domestic market also.

By considering the seasonal trend, we are expecting that the prices are likely to remain range bound in April and will rebound after May month in domestic as well as international markets.



Domestic Sugar Balance Sheet:

Agriwatch has kept its supply and Demand scenario of domestic sugar unchanged for March 2011-12 season. As per our estimate, Sugar production stood at 25.2 million tons which is 3.7% up Y-o-Y. According to our field survey, yield of sugarcane from UP stood at 510 quintals/hectare which is 3.80% lower compared to last year when it was 530 quintals/hectare.

However, we kept our consumption figures at 22.5 million tons which is 2.27% higher compared to last year. As we expected, the Government allowed 3 million tonnes of sugar exports under OGL which is same compared to last year. We estimate same sugar export figures for this year despite the higher sugar production due to increase in consumption which offset the impact of increase in sugar production this year.

Total availability of sugar for 2011-12 increased by 1.04% Y-o-Y due to increase in sugar production compared to last year.

Supply and demand component are listed in the table below:

All Units in Million Tons	2010-11	2011-12		Change (In %)	
		February	March	M-o-M	Y-o-Y
Opening stocks	4.68	3.98	3.98	0.0%	-14.96%
Production	24.3	25.20	25.20	-2.7%	3.70%
Imports	0	0.00	0.00	0.0%	0.00%
Total Availability	28.98	29.28	29.28	-1.7%	1.04%
Domestic consumption	22	22.50	22.50	0.0%	2.27%
Exports	3	3.00	3.00	0.0%	0.00%
Total Usage	25	25.5	25.5	0.0%	2.00%
Closing stocks	3.98	3.78	3.78	-11.7%	-5.03%

Average Monthly consumption	1.8	1.9	1.9	0.0%	2.27%
Stocks in months to use	2.2	2.0	2.0	-11.7%	-7.14%
Stock/Consumption Ratio	0.18	0.17	0.17	-11.7%	-7.14%

Spot Sugar Prices Scenario (Monthly):

	23 March 2012	29 st February 2012	change
Mumbai M-30	3026	3051	-25
Mumbai S-30	2901	2943	-42
Muzaffar Nagar M	2960	3020	-60
Delhi M-30	2945	3003	-58
Delhi S-30	2920	2980	-60
Nagpur S	2970	3020	-50
Chennai S	2710	2800	-90
Kolhapur M-30	2840	2925	-85
Kolhapur S-30	2740	2825	-85

Monthly Spot market Price pattern and Analysis (Muzaffar Nagar (Khatauli) – Grade M):



Price Expectation for Muzaffar Nagar (Khatauli) market for the coming month.

- Sugar prices have declined in Muzaffar nagar market during the month ended March 2012.
- Prices might support at Rs 2950 per quintal which is lying over 50% retracement level as chart depicts.
- Prices are moving in a range between Rs 2950 to 3050; breach of the mentioned level will decide the movement of the prices thereafter.
- Considering higher production scenario and weak demand in the markets, we expect prices will trade in the mentioned range with weak bias in the coming month.

Monthly Spot market Price pattern and Analysis (Kolhapur – Grade M):



Price Expectation for Kolhapur market for the coming month.

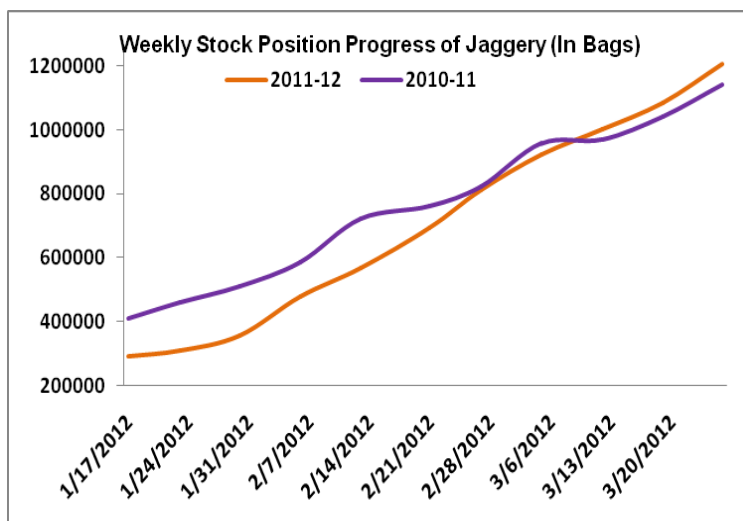
- Kolhapur sugar prices are moving downwards as chart depicts.
- Prices are moving between Rs 2850 to 3100, if breached will give the prices a new direction.
- We expect prices will move in the mentioned trading range with weak tone.

Gur Scenario

Gur prices have improved in various gur spot markets during March 2012. Despite the increasing stock position of various varieties of gur in cold storage based in Muzaffar nagar, prices moved up by Rs 100 per quintal. However, gur producers sold their output in the mandi in case of any increase in prices which kept the prices trade in a range whole month.

Around 12,00,000 bags (40 kg each) have been stored in Muzaffar nagar cold storage till 26th March 2012 which are 72000 bags higher compared to last year same period stock position of gur. Increasing stock position gives a bearish impact on prevailing prices as expected in the coming days.

Meanwhile, Daily 8000 bags arrived in Muzaffar nagar market on an average last month which are around 3000 bags lesser arrivals compared to prior month which also support the prices.



It is noticeable that production of gur was initially lower than last year's gur production same period but the higher prices of gur urged the gur makers to produce gur and sell it at higher prices which helps gur production beat last year's figures.

Meanwhile, keeping in view improved gur production and moderate demand, gur prices are likely to trade in a range between Rs 2450 to Rs 2600 in the coming month.

Gur Spot Monthly Prices (Rs/Qtl)				
Markets	Variety	23 March 2012	29st February 2012	Change
Muzaffar Nagar	Chaku	2650	2525	+125
Bangalore	Achhu	2375	2380	-5
	Mudde	2600	2500	+100
Belgaum	Mudde	2400	2300	+100
Belthangadi	yellow (Average)	3125	3000	+125
Bijapur	Achhu	2400	2300	+100
Gulbarga	Other (Average)	2350	2355	-5
Mahalingapura	Penti (Average)	2640	2410	+230
Mandya	Achhu (Medium)	2400	2400	Unch
	Kurikatu (Medium)	2250	2150	+100
	Other (Medium)	2300	2200	+100
	Yellow (Medium)	2350	2250	+100
Shimoga	Achhu (Average)	2400	2400	Unch

Commodity: Sugar
Contract: May

Exchange: NCDEX
Expiry: May 20th, 2011

SUGAR (April Weekly Chart)

Technical Commentary:

- Prices are moving range bound with a weak tone as chart depicts.
- Prices are hovering in a broad trading range between Rs 2810 to Rs 2940.
- Also, RSI is hovering in a oversold region which also supports the bullishness.



Strategy: Sell from support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	2760	2805	2838	3020	3150
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Sell	Below 2830	2800	2785	2845

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20th, 2011

GUR (Monthly Continuous Chart)

Technical Commentary:

- Gur prices are moving range bound with weak tone as chart depicts.
- Prices might get the support from Rs 1185 level which also lying over trendline support level.
- Prices are moving in a broad trading range between Rs 1185 to Rs 1250.
- RSI is hovering in a neutral region.



Strategy: Sell from support level is advisable.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1142	1155	1219.5	1260	1285
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1220	1180	1160	1240

International Scenario

International sugar prices have declined during the month ended March 2012. More sugar shipments from India and improved Brazil sugar production estimations weigh on the sugar prices. Meanwhile, considering starting of crushing season in Brazil in April and expected shipments of sugar from India the prices may go down further in ICE as well as in LIFFE in the coming month.

International Market News Highlights:

- Thailand sugar production reached at 8.99 million tons, raw value, till 21st March 2012 compared to 7.64 million tons sugar produced in the same period last year. Total cane crush reached at 84.4 million tons this year which is 12.3 million tons higher compared to last year cane crushed at the same period last year
- China imported 94164 tons sugar in Feb month which is almost five times higher compared to last year same period, according to news sources.
- Asia's Thai white sugar premium declined to \$25 from \$40 owing to supply pressure from Thailand and expectation over sugar export allowance by India.
- Port congestion problems will no longer be a problem in 2012 as additional bulk loading terminal in Brazil No. 1 Port Santos and deepening of Canals at Paranagua might curb the delay in shipments this year that helps in smooth movement of sugar abroad.

International Sugar Prices (Monthly)				
	Contract Month	28/2/2012	26/3/2012	Change
ICE Sugar #11 (US Cent/lb)	May'12	25.33	24.78	-0.55
	July'12	24.53	23.81	-0.72
	Oct'12	24.51	23.75	-0.76
LIFFE Sugar (US \$/MT)	May'12	662.5	648.80	-13.7
	Aug'12	643	633.50	-9.5
	Aug'12	636.2	623.30	-12.9

ICE Raw Sugar Future Market Monthly Scenario (May'12 Contract):



Technical Commentary:

- ICE raw sugar future prices are moving downwards as the chart depicts.
- Raw sugar price is testing 14 day SMA, if breach the mentioned level will take the prices upto 26 cents/pound.
- Prices might consolidate in the trading range between 22.72 to 25.7 cents per pound in the coming month.

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	May'12	24.78	23.72

LIFFE Sugar Future Market Monthly Scenario (May'12 Contract):



Technical Commentary:

- LIFFE sugar future prices are moving upwards as chart depicts.
- Prices might find a support at \$622, two consecutive closes below the mentioned level will give the confirmation of further bear run of prices in the coming month.
- We expect prices to move down in the coming month.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	May'12	648.80	580

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