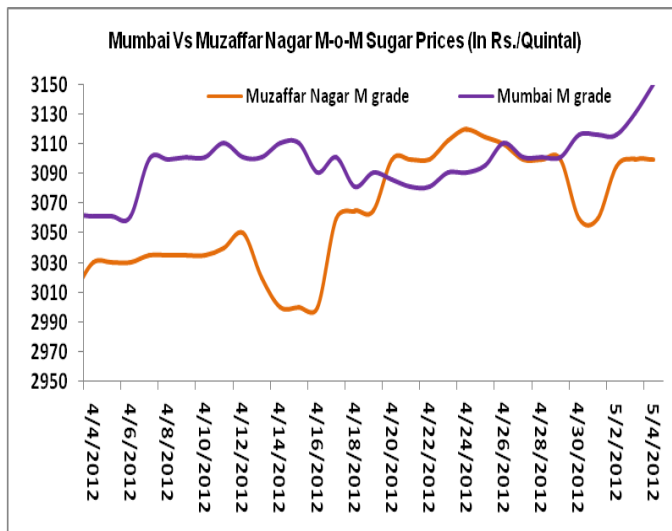


Domestic Market Recap & Price Outlook:

Sugar prices moved up during the last month in key spot markets. Recent removal of quantitative restrictions over sugar exports and firm demand in spot markets are the major influencing factors for recent increase in sugar prices.

Meanwhile, Government in a meeting held on 2nd May 2012 gives sugar industry a relief by removing quantity restrictions over sugar exports. Now millers can sell unlimited sugar exports in this fiscal year. Government also ruled out the "First come first serve" mechanism for sugar exports. However, International sugar prices are already moving downwards continuously which might not give much export opportunities to millers at present.



Meanwhile, CACP has proposed 18% hike in sugarcane prices to Rs 170.65 per quintal for 2012-13 season from Rs 145 per quintal FRP fixed by Central government for the current year.

Meanwhile, Food ministry has accepted CACP recommendation. However, Food ministry has sought reasons for recommending such an increase in FRP. If government approves this much of hike in FRP then it will definitely lure farmers to plant more cane for the next year.

Considering good summer demand of sugar, removal of quantitative restrictions over sugar exports quantity, we expect prices of sugar are likely to surge in the coming month in various sugar spot markets.

Monthly News Highlights:

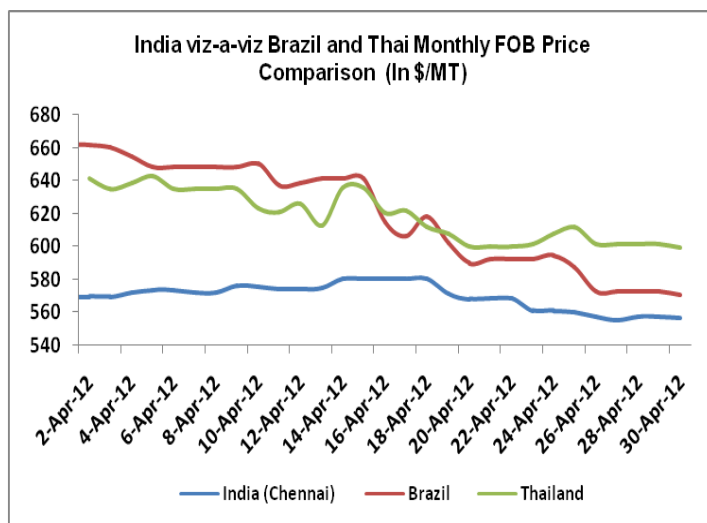
- ED&F Man sees Indian sugar exports to decline by 1 million tons to 2 million tons for MY 2012-13.
- India produces 25.10 million tons of sugar in Oct to April month till date which is 11% higher compared to last year same period. Out of total sugar production, UP mills produced 7 million tons of sugar and Maharashtra produced 8.83 million tons of sugar, which are also, 19% and 6% higher respectively compared to last year same period.
- Sugarcane growth affected by shortage of water in Maharashtra during March and April month for 2012-13 season as rainfall in these months are below 59% below the normal, according to IMD.
- Food Ministry earlier recommend four options to the panel of ministers for the faster sugar shipments. Options include allocation of sugar export quantity based on the earlier export performance of a sugar mill, allocation of export quota on the basis of "First Come First Serve" basis against a bank guarantee, online registration of shipments at ports, and Implement existing sugar quota mechanism with fast allocation of sugar exports to millers. Earlier, government removed export quota mechanism and implement the rule of getting export licenses for millers on first come first serve basis which gives direct benefit to the mills located near to ports. However, after protest of North Indian millers for the removal of export quota, government reinstates its decision to existing export quota mechanism.

- Kingsman estimates 24.5 million tons sugar production for 2012-13 season following the dry conditions in various parts of the country which might lead the farmers to plant other crops like Soybean which generally needs less irrigation.
- Finance Ministry has extended duty free sugar imports till June 30, 2012
- Around 600000 tons of sugar has been exported in total till 31st March 2012 and still 1.4 million tons of sugar exports still left, according to Narendra Murkumbi.
- Government estimates 351.19 million tons of sugarcane production in its third advance estimate released today. Recent sugarcane estimate production figure is around 8.81 million tons higher compared to 2010-11.
- ISO sees 3 million tons of sugar surplus for 2012-13 which is half of the sugar surplus estimate done by ISO in February. Projections are based on 2% rise in demand of sugar globally which not meet in next year as ISO sees sugar production might will not increase in Brazil and India.
- India might produce 25 million tons of sugar in 2012-13 season, according to MD of NFCSF.
- IMD predicts 99% rainfall of LPA that depicts normal rainfall for the year as reported. The LPA of the season rainfall over the country as a whole for the period 1951-2000 is 89 cm. It is noticeable that normal rainfall will boost the crop of sugarcane plant in 2011-12 and harvest in 2012-13. Normal rainfall might encourage the farmers to plant more sugarcane supported by increased cane price remuneration for the MY 2012-13 as expected.

Sugar Export Opportunity:

Indian CIF prices to Indonesia ~615-685 are looking competitive compared to Brazil and Thailand CIF prices especially from Chennai and Kolhapur owing to recent appreciation in Dollar rates. However, export parity still does not exist from UP market due to higher transportation and labor charges compared to other domestic sourcing centers.

It is noticeable that Brazilian new sugar arrivals will hit the market in May that might depress the prices of sugar in ICE as well as in LIFFE leading to export disparity for Indian exporters. Therefore, exporters and millers should use this window of opportunity quickly. Meanwhile, the Thai white sugar premium stood at \$25 per ton owing to recent Asian sugar demand from Indonesia. FOB price comparisons are mention in the table below:



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)	583.61	597.83	643.32
CIF up to Indonesia	615.32	639.58	685.20
	Brazil	Thailand	
FOB (USD/MT) (With Premium)	566.10	591.10	
CIF (USD/MT) (With Premium) up to Indonesia	631.80	612.87	

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

Sugarcane Sowing Intention:

After harvesting of wheat in UP, sowing in UP has started. Farmers in UP are planting more cane in their respective fields for the season 2012-13 despite of payment delays by farmers as higher SAP for cane lured them to plant more cane. In UP, farmers normally plant sugarcane late just after harvesting of wheat completed. Farmers normally grows sugarcane with little amount of maize in their respective fields. Major competitive crop of sugarcane in UP is rice.

However, after getting initial figures of sowing in Maharashtra, sugarcane acreage declined for 2012-13 and diverted towards soyabean as lesser rainfall and irrigation facilities and higher soyabean prices urge farmers to plant soyabean in their respective fields.

Meanwhile, as per government sowing figures, Sugarcane has been planted in 48.61 lakh hectare as compared to 47.61 lakh hectare last year till 4th May 2012. It is 1.00 lakh hectare more than last year. Normal area for sugarcane cropping is 47.45 lakh hectare.

Higher area coverage has been reported from Uttar Pradesh (0.90 lakh hectare), Tamil Nadu (0.66 lakh hectare), Karnataka (0.50 lakh hectare), Bihar (0.21 lakh hectare), Madhya Pradesh (0.11 lakh hectare), Uttarakhand (0.06 lakh hectare), Maharashtra (0.04 lakh hectare), Punjab (0.03 lakh hectare) and Andhra Pradesh (0.01 lakh hectare). Source: Pib.

Spot Sugar Prices Scenario (Monthly):

	31 March 2012	30 April 2012	change
Mumbai M-30	3051	3116	+65
Mumbai S-30	2891	2936	+45
Muzaffar Nagar M	3000	3060	+60
Delhi M-30	3000	3100	+100
Delhi S-30	2980	3070	+90
Nagpur S	3025	3000	-25
Chennai S	2875	2900	+25
Kolhapur M-30	2850	2900	+50
Kolhapur S-30	2750	2800	+50

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 April 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):



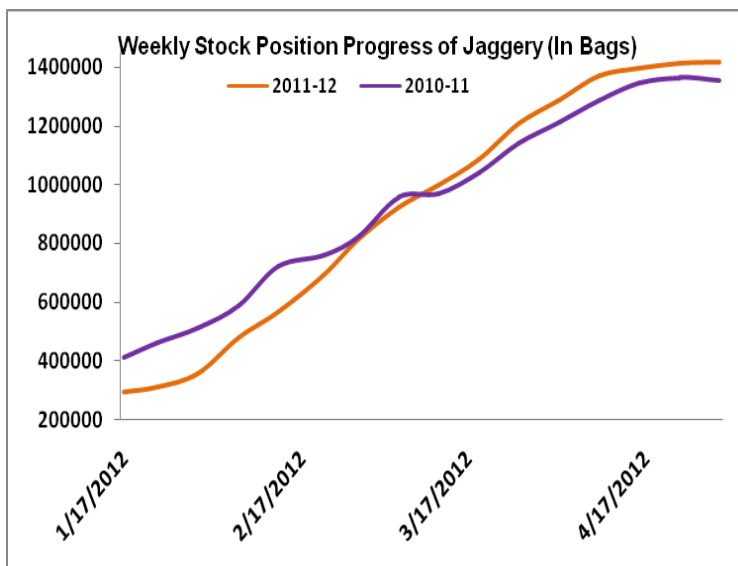
Price Expectation for Kolhapur market for the coming month.

- 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 April 2012. Despite the increasing stock position of various varieties of gur in cold storage based in Muzaffar nagar, prices moved up by Rs 195 per quintal for chaku gur. Meanwhile, Daily 7000 bags arrived in Muzaffar nagar market on an average last month which are around 1000 bags lesser arrivals compared to prior month which also support the prices.

Around 1407000 bags (40 kg each) has been stored in Muzaffar nagar cold storage till 7th May 2012 which are 26000 bags higher compared to last year same period stock position of gur. Out of total gur stock position, there are around 982,000 of Chaku variety gur stored in Cold storage which are 65000 bags higher compared to previous same period



However, cane farmers are doing distress selling for their cane to kolhus as mills in UP has already closed and gur makers are taking advantage of that by paying lesser cane prices to farmers. Kolhus are

paying around Rs 180 per quintal as a cane payment to farmers at present instead of Rs 220 paid a month ago.

Arrivals of gur are expected to come till May end as reported after which gur stored in cold storages will be taken in use.

We expect gur to trade on a weaker tone in the coming week due to weak demand and moderate arrivals at higher price levels.

Gur Spot Monthly Prices (Rs/Qtl)				
Markets	Variety	31 March 2012	30 April 2012	Change
Muzaffar Nagar	Chaku	2480	2675	+195
Bangalore	Achhu	2700	2700	Unch
	Mudde	2830	3000	+170
Belgaum	Mudde	2500	2600	+100
Belthangadi	yellow (Average)	3150	3100	-50
Bijapur	Achhu	2300	2500	+200
Gulbarga	Other (Average)	2350	2350	Unch
Mahalingapura	Penti (Average)	2690	2810	+120
Mandya	Achhu (Medium)	2450	2350	-100
	Kurikatu (Medium)	2250	2300	+50
	Other (Medium)	2300	2300	Unch
	Yellow (Medium)	2400	2300	-100
Shimoga	Achhu (Average)	2475	2440	-35

Commodity: Sugar
Contract: June

Exchange: NCDEX
Expiry: June 20th, 2011

SUGAR (June Weekly Chart)

Technical Commentary:

- Prices are moving range bound with a firm tone as chart depicts.
- Prices are hovering in a broad trading range between Rs 2905 to Rs 2960, two consecutive close either side will give the prices a new direction.
- Also, RSI is hovering in a neutral region.



Strategy: Buy from support level.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	June	2854	2905	2920	2994	3027
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	June	Buy	Between 2905-2910	2960	2990	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 are moving in a broad trading range between Rs 1190 to Rs 1224.
- RSI is hovering in a neutral region.



Strategy: Sell from support level is advisable.

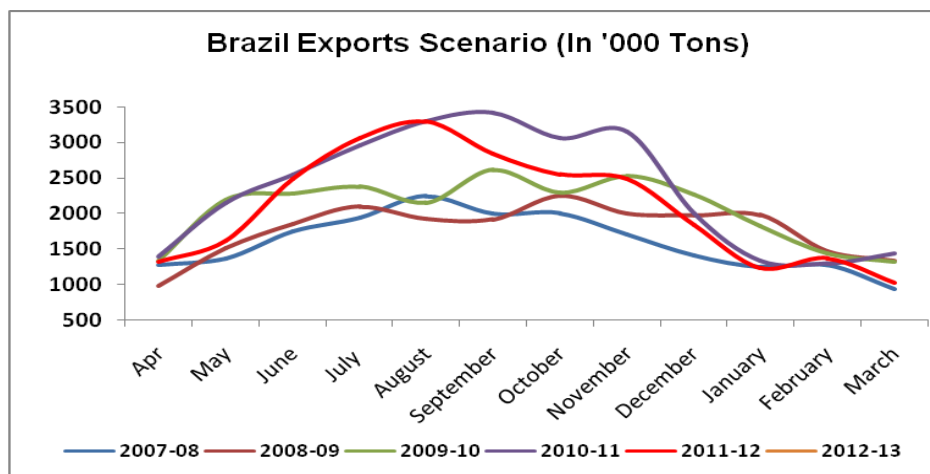
Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	1133	1190	1193.5	1224	1253
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Sell	Below 1200	1155	1135	1240

International Scenario

International sugar prices have declined during the month ended April 2012. More sugar shipments from India and starting of Brazilian sugar season for 2012-13 weigh on the sugar prices. Meanwhile, considering starting of crushing season in Brazil in May and expected shipments of sugar from India might offset by the woes over Brazilian crop which kept the prices range bound in ICE as well as in LIFFE in the coming month.

International Market News Highlights:

- Indonesia bought 155,000 tons of raw sugar from Thailand to cover its sugar shortage. It is noticeable that around 2 million tons of raw sugar is imported by Indonesia from Thailand every year.
- Sugar production in Thailand stood at 9.8 million tons till 1 April 2012 which is 17% more compared to last year same period. Last year, Thai mills produced 8.3 million tons of sugar. Out of 9.8 million tons, 3.0 million tons is white sugar and rest is raw sugar, according to news sources.
- ICE introduced circuit breakers for soft commodities to curb sharp movement in prices. The system called interval price limits will pause the trading for 30 seconds if prices breach those limits.
- UNICA forecast 509 million cane output from Brazil's CS crop which is higher from 493.2 million tons in 2011-12. As far as sugar production is concerned, UNICA estimate CS region will produce 33.7 million tons of sugar in 2012-13 which is higher from 31.7 million tons in 2011-12. However, UNICA sugar and cane output estimates are pretty much lesser compared to Conab, Data Agro and Job Economia as reported. Unica also spread its concern over growth of cane crop as dry weather in the month of Feb-Mar hamper the growth.
- The US Attache has projected Brazilian sugar exports to 25.25 million tons, raw value, which is approx. 2% up compared to last year's. The Attache also predicts that around 48.63 percent of the crop will be diverted to sugar, which is also 0.56 points up compared to last year, the rest going into ethanol manufacture.
- Archer consulting cuts its Brazil cane production estimate for the second time in a month to 508 million tons from 512 million tons for 2012-13 crop. However, Archer forecast higher sugar production ~32.51 million tons against previous forecast of 32.47 million tons.
- China is looking on to the Thailand white sugar as removal of export restrictions weigh on the international sugar prices which gives China opportunity to buy sugar at lower rates from Thailand. It is notable that ISO predicts that China is likely to import 3 million tons of sugar in 2011-12.
- Brazil's cane crushing starts slowly in Center South region due to heavy rains. According to Unica, Crushing reached to 4.7 million tons and produced 152,000 tons of sugar till 15th April. However, last year at same period, Brazil produced 214,000 tons of sugar by crush of 6.99 million tons of sugarcane. It is notable that Brazil's 2012-13 sugar marketing year starts from 1st April.
- Brazil's main center-south sugarcane region had a slow start to its 2012-13 harvest last month but should gain speed in coming weeks.
- Continuous rains in Brazilian ports increase the port congestion as around 14% increase of ships that are waiting to load at present at ports.
- Kingsman cuts Brazil cane production estimate to 510 million tons from earlier estimate i.e. 520 million tons for 2012-13 as reported.
- Thai sugar output is likely to reach to 10.3 million tons ,raw value, which is 6.2% higher compared to last year. Remunerative global prices of sugar and favorable weather improve the cane acreage as well as production of sugar in Thailand.
- Pakistan sugar production rise to 5.0 million tons in 2012-13 (Oct/Sep) from 4.7 million tons in current season which means Pakistan has around 1 million tons of exportable sugar surplus.
- China is likely to import 3 million tons of sugar in 2011-12, according to ISO.
- Brazil April sugar export declined 58% to 558400 tons, raw value, compared to last year same period. April sugar exports from Brazil also declined compared to 1.026 million tons export in March 2012.



International Sugar Prices (Monthly)				
	Contract Month	30 March 2012	30 April 2012	Change
ICE Sugar #11 (US Cent/lb)	May'12	24.71	21.17	-3.54
	July'12	23.82	21.12	-2.7
	Oct'12	23.87	21.53	-2.34
LIFFE Sugar (US \$/MT)	Aug'12	631.5	574.6	-56.9
	Oct'12	621	567.4	-53.6
	Dec'12	624.90	573.7	-51.2

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



(July Weekly Chart)

Technical Commentary:

- ICE raw sugar futures are moving range bound with a weak tone as the chart depicts
- Prices are hovering at its strong support level, if breach then prices might go down to 17 cents per bushel which is the next objective.
- ICE raw sugar future prices are likely to trade between 21.00 to 24.83 cents/bushels in the coming week.
- Decrease in prices has not supported by volume.
- Prices are likely to move in the mentioned trading range 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)	July'12	21.12	22.00

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



(Aug Weekly Chart)

Technical Commentary:

- Prices are moving in a mentioned rectangle.
- Prices hovering in a range between \$555 to 640, breach of mentioned levels either side will give the prices a new direction.
- Prices have recently tested its support level and are likely to rebound from support level as expected.
- Prices are likely to move in the mentioned trading range in the coming month.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	Aug'12	574.60	600

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