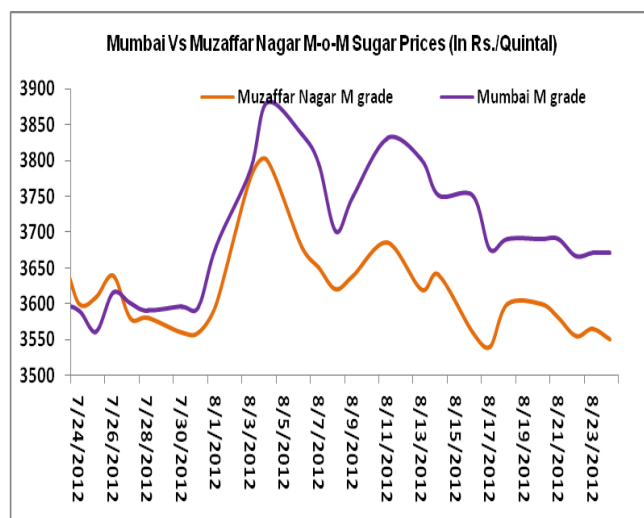


Executive Summary:

Sugar prices are moving in a range with weak tone in tandem with the expectation of Agriwatch during last week.

Main sugar price influencing factors in the domestic markets are weak international sentiments, increased sugar quota released in the open markets by government and weaker export prospects curb any rise in the sugar prices presently.



Domestic Outlook:

Sugar prices should move in range bound weak tone in the coming week. We suggest market participants to make some profit booking towards any surge in sugar prices.

News Highlights:

- Indian sugar mills produced 25.9 million tons of sugar in the MY 2011-12 till 31st July 2012 with 25 southern sugar mills are still running their cane crushing operations which might take the sugar production figure more than 26 million tons. It is noticeable that Agriwatch has estimate 25.9 million tons of sugar production for 2011-12 a year ago which has now almost achieved.
- Sugarcane area has increased by 4% Y-o-Y to 5.288 million hectares for the coming MY 2012-13 till 24th August 2012. Increase in cane area has contributed by states like UP and Bihar. It is notable that sugarcane area covered around 5.45% of total agricultural land area.
- Sugar output could decline to 23 million tons in 2012-13, according to a statement given by Food minister Mr. K V Thomas.
- Government has no proposal to ban sugar exports presently. However, there are some talks regarding ban on sugar futures. It is notable that sugar prices in NCDEX have rose sharply during last couple of months owing to pure speculation.
- Indian sugar refiner Shree Renuka sugars estimate 23.5 to 24.5 million tons of sugar in 2012-13 which is down from industry estimate i.e. 25 million tons.

Sugar Export Opportunity:

Indian export prices declined sharply this week owing to increase in spot prices supported by sharp appreciation in rupee. Meanwhile, Indian CIF prices to Indonesia ~699-732 are facing tough competition from Brazilian sugar CIF prices. It is notable that millers are now find domestic sales more profitable than exports. Sugar prices in spot markets increased like anything during couple of months due to speculation. Prices of sugar which was traded at Rs 3100 per quintal in June is now trading at Rs. 3550-3600 per quintal in Muzaffar nagar markets.

Comparative sugar prices from various sugar sourcing countries to Indonesia are mentioned in the table below:

| Comparative Sugar FOB & CIF Prices (USD/MT) (\$=Rs.55.74) | | | |
|---|--------------|--------------------|---------------------|
| | South (T.N) | West (Maharashtra) | North (U.P) |
| | Chennai S 30 | Kolhapur S 30 | Muzaffar nagar M 30 |
| FOB India (USD/MT) (With Premium) | 666.98 | 666.98 | 690.36 |
| CIF up to Indonesia | 698.93 | 708.93 | 732.39 |
| | Brazil | Thailand | Pakistan |
| FOB (USD/MT) (With Premium) | 547.10 | - | - |
| CIF (USD/MT) (With Premium) up to Indonesia | 612.74 | - | - |

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

India has exported 2.5 million tons of sugar till this month from the season starting from Oct 2011. It is notable that around 5 lac tons of sugar shipment is still in the pipeline. Out of total 2.5 million tons sugar exports, 5 lac tons of sugar has exported in the last two months as reported.

Spot Sugar Prices Scenario (Weekly)

| | 17-Aug-12 | 24-Aug-12 | Change |
|-------------------|-----------|-----------|--------|
| Delhi M-30 | 3610 | 3610 | Unch |
| Delhi S-30 | 3600 | 3600 | Unch |
| Muzaffar Nagar M | 3540 | 3550 | 10 |
| Mumbai M-30 | 3676 | 3671 | -5 |
| Mumbai S-30 | 3546 | 3518 | -28 |
| Kolhapur M-30 | 3500 | 3500 | Unch |
| Kolhapur S-30 | 3400 | 3400 | Unch |
| Kolkata M Variety | 3625 | 3700 | 75 |
| Chennai S | 3575 | 3530 | -45 |
| Vijayawada M-30 | 4050 | 4000 | -50 |

Spot Market Technical Analysis (Kolhapur–Grade M)



Price Expectation for Kolhapur market for the coming week.

- Sugar Kolhapur prices are steady during the week ended 27th August 2012.
- Keeping in view prevailing fundamentals, we expect prices should move range bound with weak tone. We suggest market participants to stay away from the market at present due to high volatility.

Spot Market Technical Analysis (Muzaffar Nagar –Grade M)



Price Expectation for Muzaffar Nagar market for the coming week.

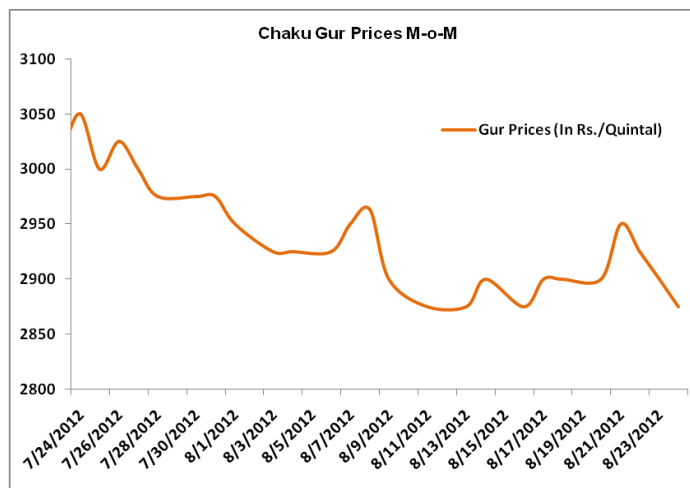
- Sugar prices in Muzaffar nagar market moved downwards during the week.
- RSI is moving from overbought region towards neutral region.
- We suggest market participants to stay away from the market at present due to high volatility.

Gur Market Scenario and Outlook

Gur prices have declined during the week ended 27th August 2012. Higher stock position Y-o-Y, dull offtake and nearby harvesting of cane for the coming season drag the prices of gur downwards.

Last week around 72282 bags of gur sold out from Cold storages, which was lower than previous year.

Around 844000 bags (40 kg each) of Gur has been stored in Muzaffar nagar cold storage till 21st August 2012, which are 144000 bags higher compared to same period in last year, stock position. Out of total gur stock position, there are around 596000 bags of Chaku variety gur stored in Cold storages.



| | This week Off take (In Bags) |
|---------------|---|
| Chaku | 52896 |
| Raskut | 5459 |
| Papdi | - |
| Khurpa | - |
| Total | 72282 |

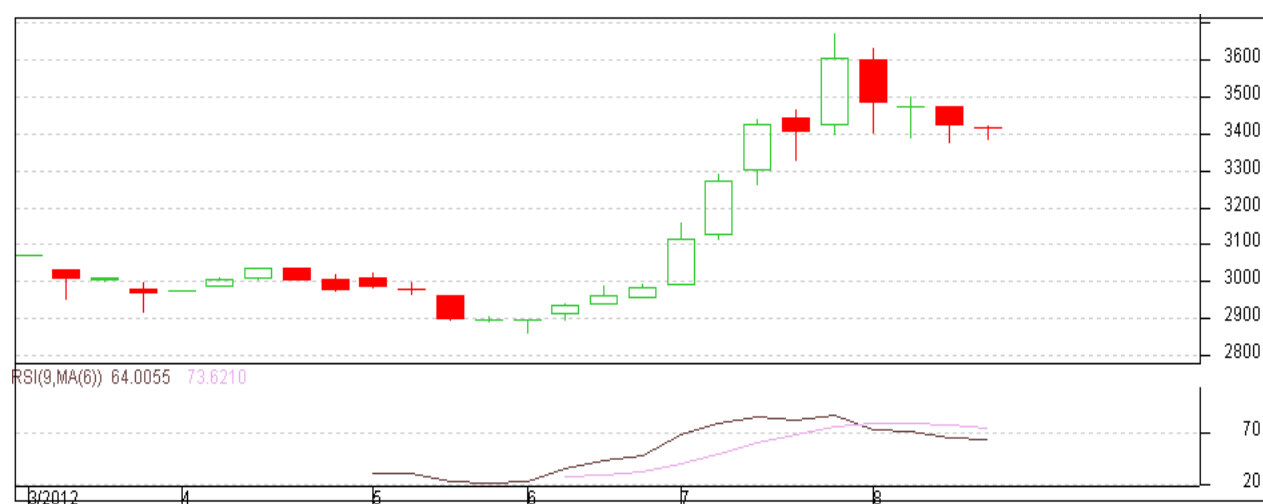
With around 8.5 lac bags (each 40kg) still left in the cold storages and weak offtake, we expect prices are likely to stay weak in the upcoming weeks.

| Gur Spot Prices (Rs/Qtl) | | | | |
|---------------------------------|-------------------|------------------|------------------|---------------|
| Markets | Variety | 17-Aug-12 | 24-Aug-12 | Change |
| Muzaffar Nagar | Chaku – Sukha | 2900 | 2875 | -25 |
| | Khurpa | 2850 | 2825 | -25 |
| | Laddoo | 2800 | 2750 | -50 |
| Bangalore | Achhu | 2838 | 2850 | 12 |
| | Mudde | 3000 | 3000 | Unch |
| Belgaum | Mudde | 3100 | 3100 | Unch |
| Belthangadi | yellow (Average) | 3400 | 3000 | -400 |
| Bijapur | Achhu | 2900 | 2900 | Unch |
| Gulbarga | Other (Average) | 2720 | 2825 | 105 |
| Mahalingapura | Penti (Average) | 3450 | 3300 | -150 |
| Mandya\ | Achhu (Medium) | 2900 | 3130 | 230 |
| | Kurikatu (Medium) | 2450 | 2450 | Unch |
| | Other (Medium) | 2300 | 2300 | Unch |
| | Yellow (Medium) | 2350 | 2350 | Unch |
| Shimoga | Achhu (Average) | 2400 | 2450 | 50 |

Commodity: Sugar
Contract: Sept

Exchange: NCDEX
Expiry: Sept 20, 2012

SUGAR (Weekly Sept Contract Chart)



Technical Commentary:

- Sugar prices are moving in a range as chart depicts.
- Last candlestick depicts prices tried to breach the upper KC line but rebound after testing which indicates prices should move up in the coming week.
- RSI is moving at overbought region.

Strategy: Sell towards entry level.

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|------|-------------|------------|------|------|------|
| Sugar | NCDEX | Sept | 3268 | 3365 | 3420 | 3678 | 3678 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Sept | Sell | Below 3420 | 3380 | 3360 | 3440 |

Commodity: Gur
Contract: September

Exchange: NCDEX
Expiry: September 20, 2012

GUR (September Weekly Chart)



Technical Commentary:

- Gur prices are moving down as chart depicts.
- Prices have breach lower KC line and presently hovering in a downward channel.
- RSI is moving up near to oversold region.
- Prices are likely to test Rs 1150 in the coming week as expected.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----------|-------------|-------------------|--------|------|------|
| Gur | NCDEX | September | 1127 | 1132 | 1157.5 | 1176 | 1206 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Gur | NCDEX | September | Sell | Between 1164-1168 | 1150 | 1142 | 1174 |

International Scenario

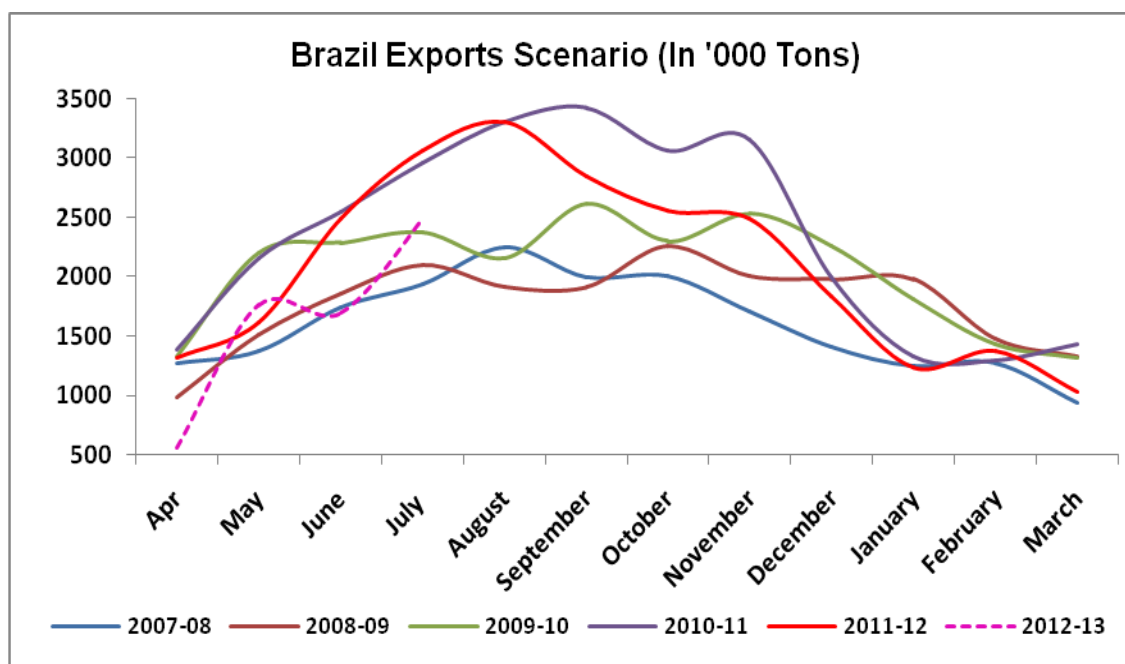
International white and raw sugar continuously moving downwards over increasing crushing pace of cane by Brazilian mills and surging sugar exports from Brazilian ports M-o-M.

Meanwhile, Sugar vessels loading at Brazilian ports declined 6% w-o-w in the past week. Around 2.14 million tons of sugar were ready to load at different Brazilian ports towards various destinations. Out of total sugar, around 185000 tons of sugar was moving towards Indian ports as reported.

Considering increasing sugar supply from Brazil in various consumption countries and dry conditions in Brazil helping cane harvest gives a hint of bearishness in prices the international arena

International Market News Highlights:

- Brazilian sugar mills from Center South Region crushed around 44.25 million tons of cane till first half of August which is approx 14% higher compared to same period last year cane crushed by mills i.e. 38.74 million tons.
- South Africa's 2012/13 sugar output is estimated at 2.177 million tonnes slightly down from a previous forecast of 2.18 million tonnes,
- Indonesia is planning to buy 510000 tons of raw sugar for rising demand of sugar for industrial use. Indonesia traditionally buy sugar from Thailand. However, Indonesia is keeping a close eye over Brazilian sugar production figures and likely to wait till December at which it can get cheaper sugar.
- Brazil exported 2.489 million tons of sugar, raw value, up from 1.692 million tons in June but lower from 3.06 million tons sugar exported last year same period. It is noticeable that Brazil is likely to increase export in the coming months keeping in view higher sugar production compared to last year. In addition to it, Brazil has exported only 6.5 million tons of sugar this year till July which was 8.48 million tons last year same period.



| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|----------------|-----------|-----------|--------|
| | Contract Month | 16-Aug-12 | 23-Aug-12 | Change |
| ICE Sugar #11 (US Cent/lb) | Oct-12 | 20.15 | 19.59 | -0.56 |
| | Mar-13 | 20.93 | 20.33 | -0.6 |
| | May-13 | 20.86 | 20.3 | -0.56 |
| LIFFE Sugar (US \$/MT) | Oct-12 | 559.5 | 547.1 | -12.4 |
| | Dec-12 | 554.6 | 545.6 | -9 |
| | Mar-13 | 560.6 | 550 | -10.6 |

LIFFE Future Market Sugar Scenario (October Contract):



Technical Commentary:

- Prices rebound from support level as chart depicts.
- Prices hovering in a range between \$527 to 640, breach of mentioned levels either side will give the prices a new direction.
- Prices breach 50% and 61.8% retracement levels and likely to test 100% retracement level or \$527.
- However, Decrease in prices has not supported by OI which indicates that market participants are shifting to far month contract.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Oct'12 | 547.1 | 527 |

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

Technical Commentary:

- ICE raw sugar futures prices are moving downwards as chart depicts.
- Prices will try to test 100% retracement level in the coming week i.e. 19.22 cents per bushel.
- Decrease in prices has supported by volume and OI.
- Last candlestick suggests bearishness in the prices.

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Oct'12 | 19.59 | 19.22 |

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