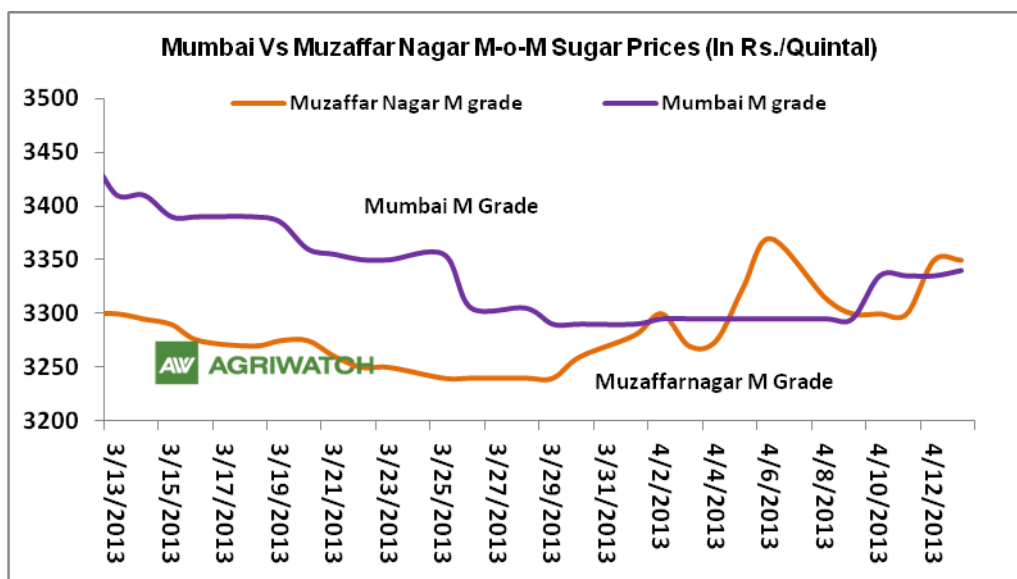


Sugar Price Trend and Outlook:

Sugar prices declined sharply last month ended 31st March 2013. Major influencing factors for price decline are weak domestic demand followed by consistent sugar selling by millers. In addition to it, cheaper raw sugar import from Brazil and bearish global sugar markets thanks to sugar surplus dampen the sugar prices in domestic arena.

Meanwhile, in a major event government awarded sugar industry partial decontrol considering bad condition of sugar mills. This decision definitely would increase profitability of sugar mills in the next fiscal year.



Domestic Sugar Price Outlook:

Sugar prices hovering sideways to weak tone presently. However, further heavy slide couldn't seem possible from here.

Monthly News Highlights:

- Oil Companies agreed to hike 30% in ethanol prices which is mandatory for blending in petrol. This decision likely to increase the profitability of sugar mills.
- Around 10 sugar mills announced closing of cane crushing operations for this crushing season due to lower cane availability.
- Consuming sugar states are now buying sugar from sugar sourcing states like Maharashtra and UP considering upcoming Marriage season and summer demand.
- Around 12-13 rakes are schedule to reach delhi soon as various traders of Delhi struck deals from Maharashtra located mills this week. Some Suppliers/Millers names are Vishwanath – 3 rakes @ Rs 3255-3270-3280, Gangakhed sugar mills – 2 rakes @ Rs 3250. It is notable that Delhi traders are getting parity from Maharashtra instead of UP at current sugar prices at sourcing and destination centers.
- Millers got freedom to sell sugar in the open market without any monthly restrictions. This is a positive step from government and would give some respite to the millers which are struggling with downfall of sugar prices. Presently, sugar millers are selling sugar below cost of production as reported.

- National sugar co-operative factories sees around 25 million tons of sugar production for 2012-13. Late revival of sugar production by Maharashtra mills give some boost to the sugar production in Maharashtra state. It is notable that sugar production reached 8 million tons till date in Maharashtra which was earlier estimated at 6.3 million tons by Maharashtra state government.
- Indian sugar premium trading at \$30 per ton this week up from \$25 per ton.
- Maharashtra likely to produce 4 million tons of sugar in 2013-14 owing to lack of rainfall in the region, according to Maharashtra state government officials. However, there is sufficient water in southern Maharashtra region like Kolhapur, Satara for sugarcane planting, according to our initial reports. However, sugarcane acreage likely to decrease in Maharashtra which has also verified by recent government sowing figures which is only 6% less compared to last year. Also, there is higher ratoon crop of sugarcane this year which is going to be harvest in the next year which gives comparatively lesser yield as well as recovery than plant cane crop.
- ED&F Man sees 23.5 million tons of sugar production for 2013-14 marketing year. It also sees Indian sugar import to 1.4 million tons in 2012-13 with 1.1 million tons of sugar already landed in India till date.
- Ice cream makers and bulk buyers are watching the sugar market closely and presently inactive due to daily dampening the sugar prices. However, demand of sugar from bulk buyers likely to increase after holi considering drastic increase in temperature.
- Water shortage problem deepening in Maharashtra that would definitely decrease the sugarcane acreage for the coming marketing season.
- ISMA increases its sugar production estimate figures for 2012-13 to 24.6 million tons from 24.3 million tons.
- Sugar production might decrease to 24 million tons in 2013-14 owing to lower cane acreage in Maharashtra, according to a statement made by Mr. Sharad pawar.

Sugar Decontrol: Detailed Analysis

Government recently give huge respite to millers by giving partial decontrol of sugar industry on 4th April 2013. Here are some points:

Levy Sugar Mechanism Abolished

Government abolish levy sugar mechanism in which mills have to contribute 10% of its sugar output in PDS at subsidized rate.

Now, under new rule, state governments will have to procure sugar for PDS from mills at market rate. However, BPL families would get sugar at the same subsidized rates. The Central Government will provide a subsidy to the State governments for the difference between the PDS retail price

Removal of Monthly Sugar Quota

Government removes monthly sugar quota mechanism. It means mills now have to sell sugar in the open market in six months according to their parity.

Earlier, government decide how much sugar mills have to sell sugar in a particular month which sometimes give prices a shock in the domestic markets and hurt milers profit which ultimately make it difficult for them to give cane arrears to farmers.

Indian Sugar Production Update For 2012-13

Indian sugar millers produce around 23 million tons of sugar till 31st March 2013. Out of total production, Maharashtra sugar production reached 7.7 million tons till 31st March which is around 4 percent lower compared to last year same period.

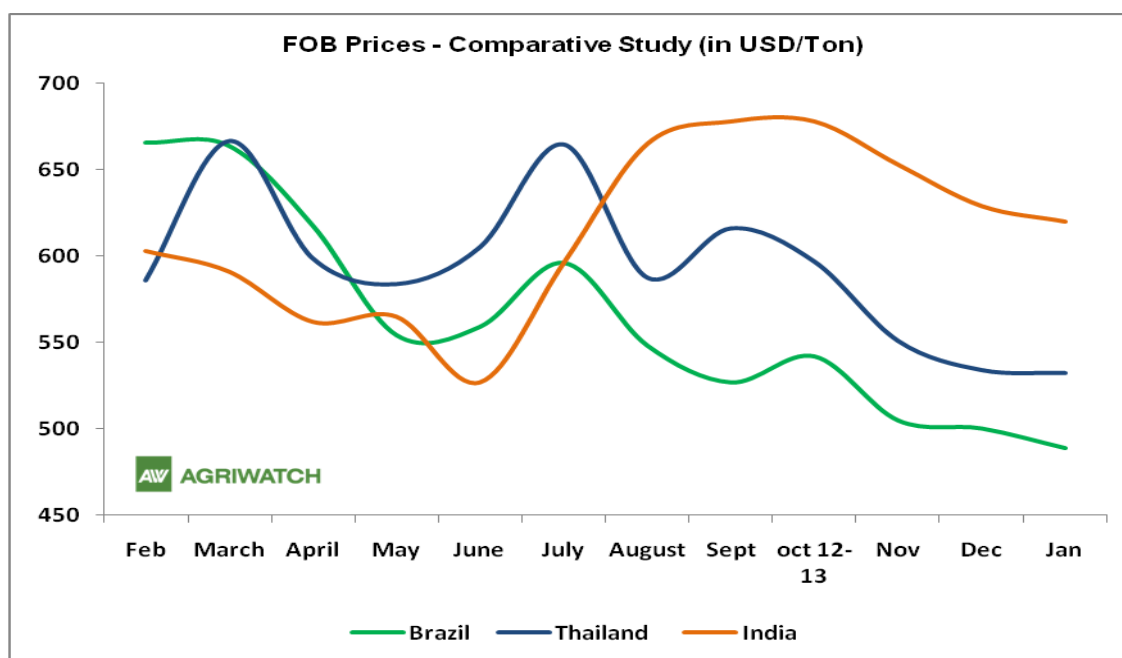
Raw Sugar Import Opportunity:

Indian sugar refiners again got opportunity to import raw sugar from Thailand and Brazil as higher degree of decrease in sugar prices in international markets compared to domestic markets take the prices to parity in case of sugar imports.

Indian indicative raw sugar CIF prices from Thailand quoted at \$508.44 per ton (including 10% import duty) and Indian domestic refined sugar FOB prices quoted at \$592.29 per ton Kolhapur based.

Comparative raw sugar CIF prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.54.56) till 15 th April 2013			
	From Brazil	From Thailand	
CIF India (USD/MT)	509.65	508.44	



Domestic Sugar Import/Export Scenario

As far as India's sugar imports are concerned, we are expecting around 1.5 to 2 million tons of sugar imports in 2012-13. However, this week no sugar imports has been reported.

There are no export possibilities of sugar in the coming months considering lower prices in International markets for sugar. Also, global sugar surplus and good amount of sugar production in Thailand and new crop harvesting begins in Brazil dampen the export scenario of sugar from India in the coming months. It is notable that sugar prices in domestic markets also moving near to its lowest level and with crushing season came to an end, prices of sugar likely to surge up in the coming months as expected.

Sugarcane Planting For 2013-14:

Sugarcane acreage likely to go up in UP as farmers getting better realization in sugarcane crop compared to other competitive crops.

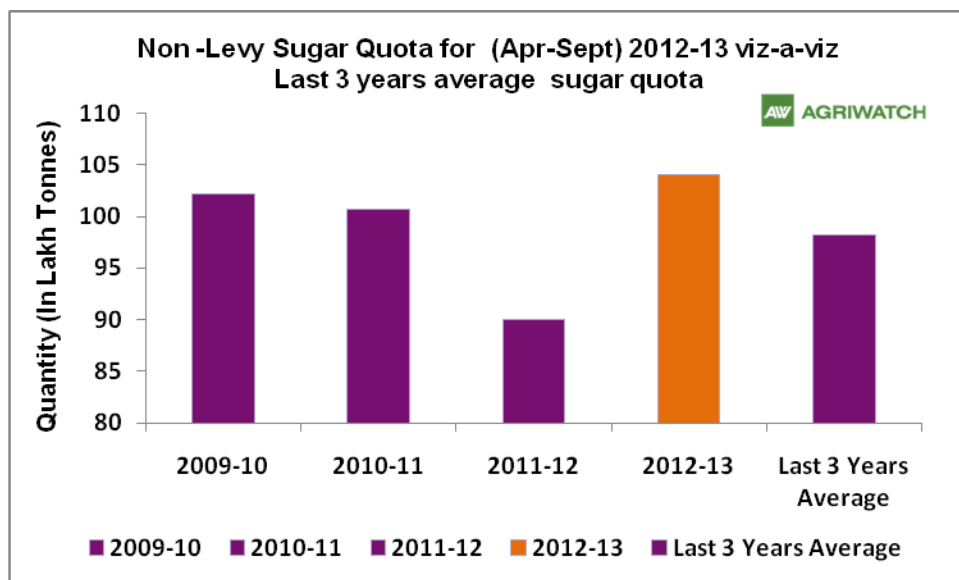
After getting initial cues, Till January end, UP sugarcane growers have planted sugarcane in 60000 hectares up from 58000 hectares sowed at same period last year.

Maharashtra sugar production likely to fall next year owing to lack of rainfall and farms left with ratoon crop which would give less recovery than plant crop in Maharashtra.

As far as Karnataka is concerned, it has produced 3.02 million tons of sugar with an average recovery of 10.41%. Last year, mills produced 3% less sugar production compared to this year. However, sowing is not encouraging in Karnataka owing to lack of rainfall.

Sugar Quota Allocation and Its Impact on Sugar Prices

Government has released 104 lac tons of non levy sugar quota for 6 months starting from April to September 2013. However, there would be no conversion of unsold non-levy quota into levy quota during the period of current release, i.e. April to September, 2013. Government has also released, during this month, 3.69 lakh MT of levy sugar for meeting requirements of Public Distribution System for the months of April – May, 2013.



Overall prices of sugar should move sideways to weak tone till crushing period ends. Millers would try to release excess sugar in the open market to avoid storage problems of sugar stocks.

However, in the later months, millers likely to hold sugar stocks and wait for good profit margins which would shoot the prices of sugar up in that period.

Domestic Sugar Balance Sheet:

All Units in Million Tons	2009-10	2010-11	2011-12	2012-13E
Opening stocks	3.73	4.68	3.56	2.86
Production	18.9	24.38	26.00	24.00
Imports	4.76	0.00	0.00	1.50
Total Availability	27.39	29.06	29.56	28.36
Domestic consumption	22.50	23.00	23.50	24.01
Exports	0.21	2.50	3.20	1.00
Total Usage	22.71	25.50	26.70	25.01
Closing stocks	4.68	3.56	2.86	3.35
Average Monthly consumption	1.88	1.92	1.96	2.00
Stocks in months to use	2.50	1.86	1.46	1.67
Stock/Consumption Ratio	0.21	0.15	0.12	0.14

Major Global Sugar Producers:

Sugar Production Scenario (In raw value)						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Australia	4.9	4.8	4.7	3.7	3.9	4.3
China	15.9	13.3	11.4	11.2	12.3	14.6
India	28.6	16.0	20.6	26.6	28.8	25.6
Indonesia	2.0	2.1	1.9	1.8	1.8	2.0
Thailand	7.8	7.2	6.9	9.7	10.2	9.9
Mexico	5.9	5.3	5.1	5.5	5.4	6.0
Russia	3.2	3.5	3.4	3.0	5.5	4.9
South Africa	2.4	2.4	2.3	2.0	1.9	2.3
World	163.5	143.9	153.5	161.8	172.1	172.3

(Cost Conversion of raw sugar to white sugar = 1.08)

Spot Sugar Prices Scenario (Monthly):

	30-Mar-13	28-Feb-13	change
Mumbai M-30	3291	3421	-130
Mumbai S-30	3106	3251	-145
Muzaffar Nagar M	3260	3340	-80
Delhi M-30	3280	3385	-105
Delhi S-30	3230	3325	-95
Nagpur S	3220	3310	-90
Chennai S	2950	3040	-90
Kolhapur M-30	3025	3175	-150
Kolhapur S-30	2925	3075	-150

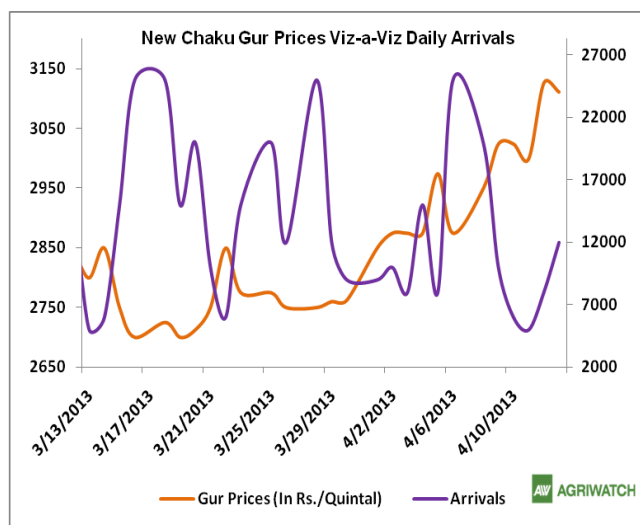
Gur Market Scenario and Outlook

Gur prices moved in a range owing to consistent arrivals and lower gur stock stored in cold storages.

In addition to it, lower gur production in Maharashtra bound the buyers to divert towards UP gur.

Meanwhile, considering lower stock position in the cold storages, prices of gur likely to surge in the medium to long term.

Total around 1570000 bags of gur (40kg each) stored in cold storages till 15th April 2013 lower from 1396000 bags of gur at last year same period (40kg each). Out of total 1057000 bags of gur, around 932000 bags of Chaku gur, 118000 bags of Rascut, and 194000 bags of Papdi, stored in the cold storages as reported.



Gur prices are likely to move in a range with firm tone in the coming month owing to lower gur stock.

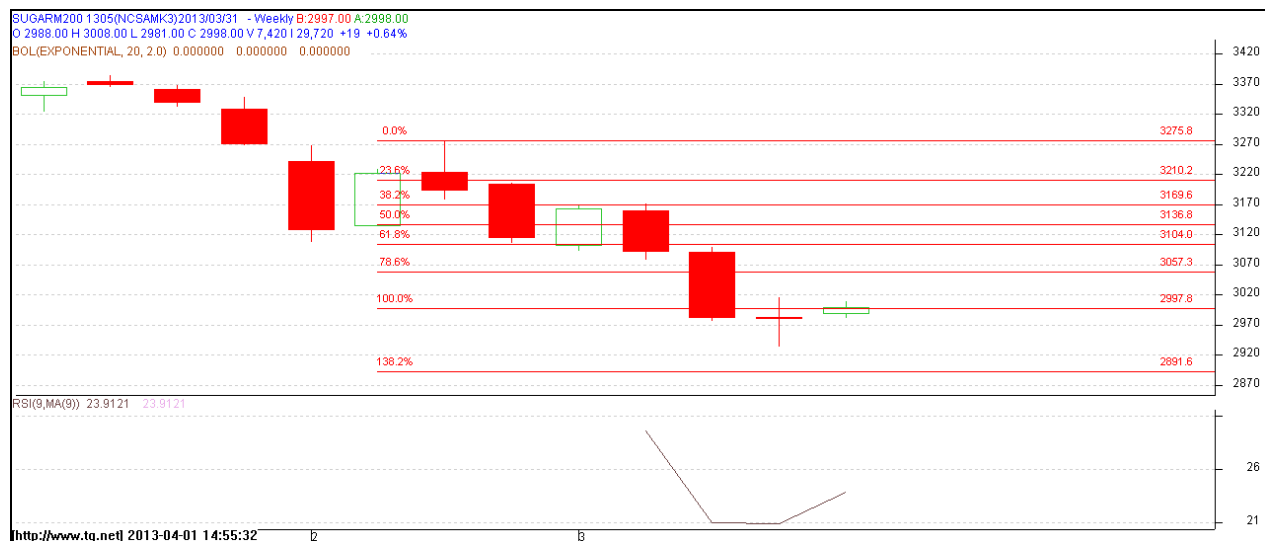


Gur Spot Monthly Prices (Rs/Qtl)				
Markets	Variety	30-Mar-13	28-Feb-13	Change
Muzaffar Nagar	Chaku-Sukha-gur(Cold)	2763	2825	-62
	Chaku-(Gila-gur)	2600	2613	-13
	Khurpa	2713	2700	13
	Rascut	2553	2450	103
Bangalore	Achhu	3000	2900	100
	Mudde	3200	3000	200
Belgaum	Mudde	3200	3000	200
Belthangadi	yellow (Average)	3100	3300	-200
Bijapur	Achhu	2900	2875	25
Gulbarga	Other (Average)	2900	2830	70
Mahalingapura	Penti (Average)	-	2900	-
Mandya	Achhu (Medium)	2850	2600	250
	Kurikatu (Medium)	2400	2350	50
	Other (Medium)	2450	2400	50
	Yellow (Medium)	2750	2500	250
Shimoga	Achhu (Average)	3325	2775	550

Commodity: Sugar
Contract: May

Exchange: NCDEX
Expiry: May 20th, 2013

SUGAR



Technical Commentary:

- Prices are moving in a range with weak tone as chart depicts.
- Overall trend is bearish.
- Last candlestick pattern suggest indecision in the prices.
- Prices are likely to test 138.2% retracement level from where recovery could be witness.
- Also, RSI is hovering in oversold territory which gives indication that prices could move up anytime.

Strategy: Buy from support level

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	May	-	2865	2958	3054	3100
Intraday Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	May	Buy	Above 2900	2990	3035	2865

Commodity: Gur
Contract: July

Exchange: NCDEX
Expiry: July 20th, 2013



Technical Commentary:

- Gur prices are moving up and hovering in an uptrend.
- Last candlestick depicts bullishness in the prices.
- Gur prices are presently hovering in a range between Rs 1276 to Rs 1337, breach of the mentioned levels either side would give the prices a new direction.
- However, RSI is hovering near to overbought region.

Strategy: Buy from support level.

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	July	-	1224	1323.5	1390	1500
Intraday Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	July	Buy	Above 1276	1350	1390	1228

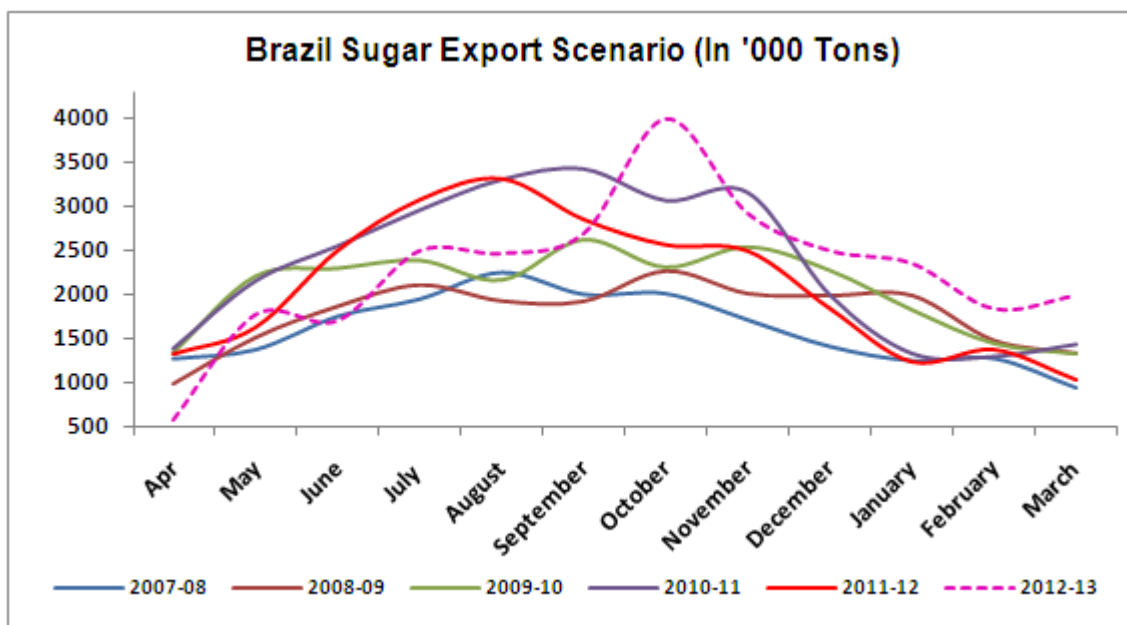
International Scenario

International sugar prices are moving range bound to firm tone lasts month. Higher port congestion at Brazilian ports gives some support to the prices. Meanwhile recent rainfall in cane growing areas in Brazil likely to support the prices for shorter period of time but overall higher sugar production over expectation by Thai mills would later take the prices to new lows in the later half of the month..

We expect prices of sugar should move in a range with weak tone in the coming week in ICE as well as LIFFE.

International Market News Highlights:

- Brazil cane belt got rainfall recently which likely to delay cane harvesting. However, production of cane in Brazil is bumper for 2013-14 marketing year.
- Thailand is likely to produce 9.7 million tons of sugar in 2012-13, according to OCSB. It is notable that Thai mills would wind up its cane crushing operations next week.
- Sugar prices tumble down in International sugar markets due to start of new sugarcane harvesting in Brazil for 2013-14 season.
- Thailand made 9.5 million tons of sugar in 2012-13 season that is higher than previous expectations. Out of total sugar production made by Thai mills, 6.5 million tons are raws and rest are whites.
- Thai raw sugar premium stood at 100 points over May ICE raw sugar future contract.
- Thai raw sugar is in demand presently due to increase in freight from Brazil to Asian countries by \$5 per ton which led the buyers of Asia like Indonesia and China had divert their buying concentration towards Thailand from Brazil.
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- Thai raw sugar is in demand presently due to increase in freight from Brazil to Asian countries by \$5 per ton which led the buyers of Asia like Indonesia and China had divert their buying concentration towards Thailand from Brazil.
- Cuban raw sugar production is 17% behind schedule toward a target of 1.7 million tonnes, official media said over the weekend, putting in doubt hopes to increase output 20% over the previous season.
- Brazil has exported 1.981 million tons of sugar in March 2013 which is up by almost double. Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. Brazil has exported only 27.20 million tons of sugar this year till March which was 25.11 million tons, raw value, last year same period.



- ICE raw sugar future prices is going to test its 2.6 years low and presently trading at 17.66 cents per pound due to consistent supply of sugar from Brazil.
- Kyrgyzstan imports reached 57890 tons of sugar in 2012 season. Out of total sugar imports, Kyrgyzstan imported around 44929 tons of sugar from Belarus
- Brazil no longer get any problem while loading sugar loading at ports as cancellation of soy exports by Chinese soy importers would lead to decrease in port congestion. It is notable that Brazil is going to produce near to 40 million tons of sugar in the coming marketing year starting from April 2013.
- Chinese mills produced 2.45 million tons of sugar in February 2013 that is down from 3.25 million tons of sugar produced at last year same period, according China sugar association.
- ABARES reduce its sugar production forecast of Australia by 0.2 million tons to 4.3 million tons for 2012-13.

International Sugar Prices (Monthly)				
	Contract Month	28-Mar-13	27-Feb-13	Change
ICE Sugar #11 (US Cent/lb)	13-May	18.39	17.84	0.55
	13-Jul	18.46	18.08	0.38
	13-Oct	18.9	18.28	0.62
LIFFE Sugar (US \$/MT)	13-May	510.8	513.4	-2.6
	13-Jul	507.2	505.4	1.8
	13-Oct	512.8	503	9.8

ICE Raw Sugar Future Market Monthly Scenario (May'13 Contract):

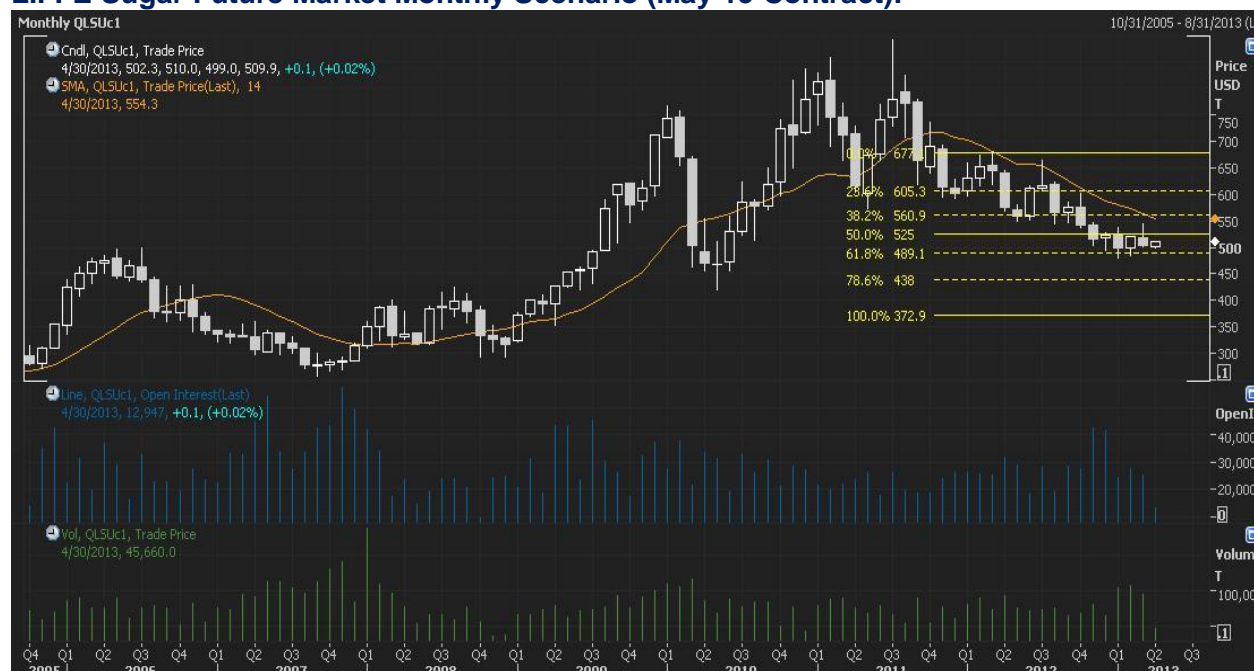


Technical Commentary:

- ICE raw sugar future prices are moving downwards as the chart depicts.
- Increase in prices has not supported by volume and OI.
- Selling could occur at 18.5 level.
- **It is advisable to market participants to sell from resistance level.**

International Sugar Futures Price Projection (Monthly)			
	Contract Month	Present Quote	Expected Price level for next month
ICE Sugar #11 (US Cent/lb)	May'13	18.39	17.5

LIFFE Sugar Future Market Monthly Scenario (May'13 Contract):



Technical Commentary:

- LIFFE sugar future prices are moving in a downward trend as chart depicts.
- Prices might find a resistance at \$525 which also lying over 50% Fibonacci projection level.
- Increase in prices has supported by volume and OI.
- Last candlestick Morubozu pattern indicates bullishness in the prices.

We suggest market participants to sell from resistance level.

	Contract Month	Present Quote	Expected Price level for Coming Month
LIFFE Sugar (US \$/MT)	May'13	510.8	440

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