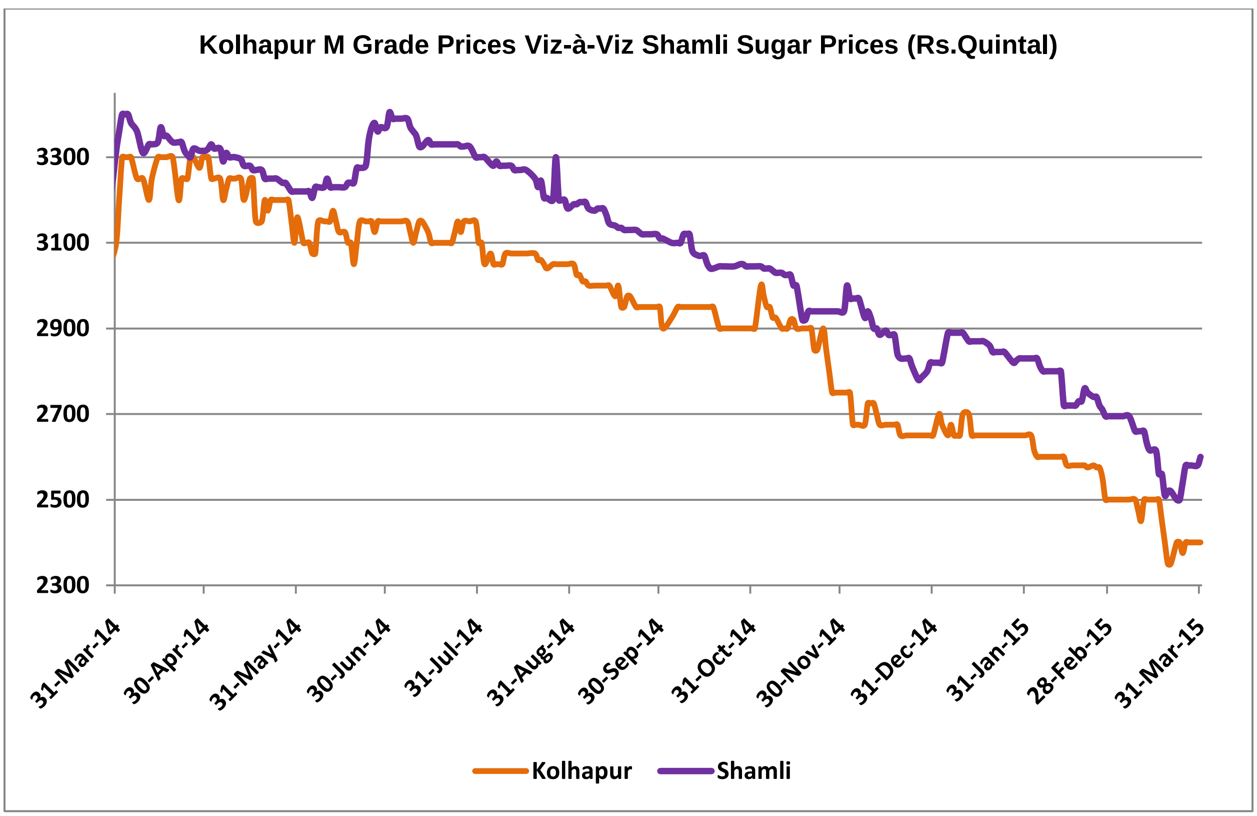
Domestic Market Recap & Price Outlook:

Indian sugar market remained dormant amidst huge accumulated stock position following persistent supplies (from millers) and a weak domestic demand. In addition, the mounting govt. pressure for timely payment of pending cane arrears further invoked the Indian sugar millers to make distress sale of their product.

Meanwhile, a bumper cane crop output this year, particularly in Brazil and a weak Brazilian real flooded the international sugar market with surplus dragging the global sugar prices down. A free fall of global crude oil prices also weighed on price of sweetener as the millers divert lesser sugarcane towards production of ethanol.

Notably, the average price for sugar ‘M’ grade in key Kolhapur market settled at Rs 2446 per quintal this month compared to Rs 2583 per quintal in the month of February. Similarly, sugar prices for ‘M-31’ variety/grade in Shamli district fell down by 5.7% from Rs 2760 per quintal in February to Rs 2604 per quintal in the month of March.



Price Outlook:

Sugar prices are expected to improve, as India will finish its crushing operation soon that could reduce sugar surplus in the market

Major Happenings in Domestic Sugar Industry:

- India produced 221.8 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Mar, 2015) which was 14.4% higher than the production made last year during the same period.

- 170 sugar mills in Maharashtra continued their crushing operation so far and had churned around 84.07 lakh tons of sugar till 15th Mar, 2015 as against 64.1 lakh tons sugar last year during the corresponding period.

- Sugar production rose 10.9% this season in Uttar Pradesh, which produced 56.25 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Mar, 2015) compared to 50.7 lakh tons in 2013-14 (1st Oct, 2013- 15th Mar, 2014).

- Sugar production surged up by 3.5 lakh tons in Karnataka which produced 38 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Mar, 2015) as against 34.5 lakh tons sugar during the same interval last year.

- The southern states of Tamil Nadu & Andhra Pradesh (including Telengana) had churned around 6.2 & 8.1 lakh tons of sugar respectively in 2014-15 (1st Oct, 2014- 15th Mar, 2015).

- The combined sugar production in Madhya Pradesh and Chhattisgarh lies at 3.1 lakh tons this season, 2014-15 (1st Oct, 2014- 15th Mar, 2015).

- Bihar churned around 5.2 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Mar, 2015). While the northern states of Punjab & Haryana crushed around 4.25 & 4.00 lakh tons of sugar respectively in 2014-15 (1st Oct, 2014- 15th Mar, 2015).

- The westernmost state of India, Gujarat produced 9.5 lakh tons of sugar in 2014-15 (1st Oct, 2014- 15th Mar, 2015) while Uttarakhand crushed 2.6 lakh tons of sugar during the same period.

- NCDEX launched future contract trading for sugar ‘S’ grade in the country with Kolhapur as the main delivery centre and Belgaum, Solapur, Sangli, Pune, Kolkata and Delhi representing the additional one.

- With an increase in sugarcane area, especially under the high yielding cane variety; the sugar commissionerate of Maharashtra predicted the state to crush 875 lakh tons of sugarcane this season to generate approximately 100 lakh tons of sugar in 2014-15.

- With a view to reduce sugar production cost in Maharashtra, the state govt. Is planning to raise the subsidy rate on sugarcane harvesters from 25 per cent at present to 40 per cent.

- The Indian Food Ministry projected the country's total sugar production at 26.5 million tons for MY 2014-15 (Oct – Sep) which was 0.5 million tons higher than the production forecast made by the Indian Sugar Mills Association (ISMA).

Indian Sugar Production Scenario Up to 15th February, 2015:

States	Sugar Produced (Lakh Tons)	
	2014-15	**2013-14**
Maharashtra	84.1	64.1
Uttar Pradesh	56.3	50.7
Karnataka	38.0	34.5
Tamil Nadu	6.2	-
Bihar	5.2	-
Andhra Pradesh + Telengana	8.1	-
All India	**221.8**	**193.8**

Total India & State wise Sugarcane Price (Rs/Ton):

State	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
India (FRP)	1298	1391	1450	1700	2100	2200
UP	2300	2050	2400	2800	2800	2800
Maharashtra	2264	2000	1800-2050	2100-2500	-	-
Punjab	2080	2120	2200	2400	2800	2850
Haryana	2450	2150	2210	2710	2950	3050
Gujarat	2450	1500-1700	-	2500	-	-
Andhra Pradesh	1885	1800-2000	2000	2500	2600	-
Karnataka	2400	1740	2000	2400	2500	2500
Tamil Nadu	1663	1948	2100	2350	2650	2650

Raw Sugar Import/Export Opportunity:

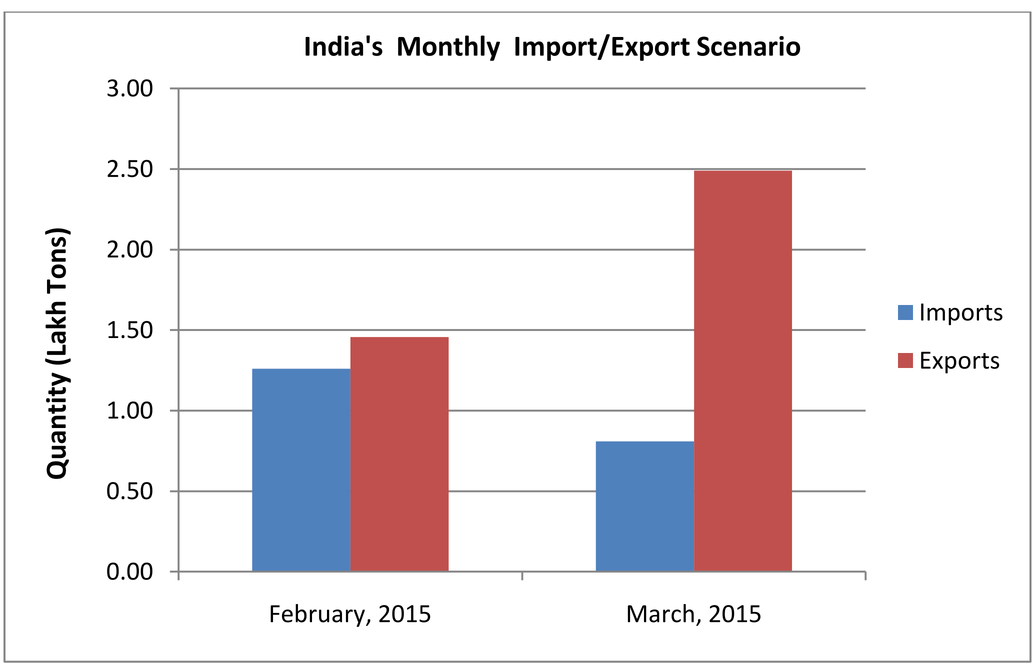
Indian indicative raw sugar CIF prices from Brazil quoted at $434.20 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at $394.14 per ton Kolhapur based.

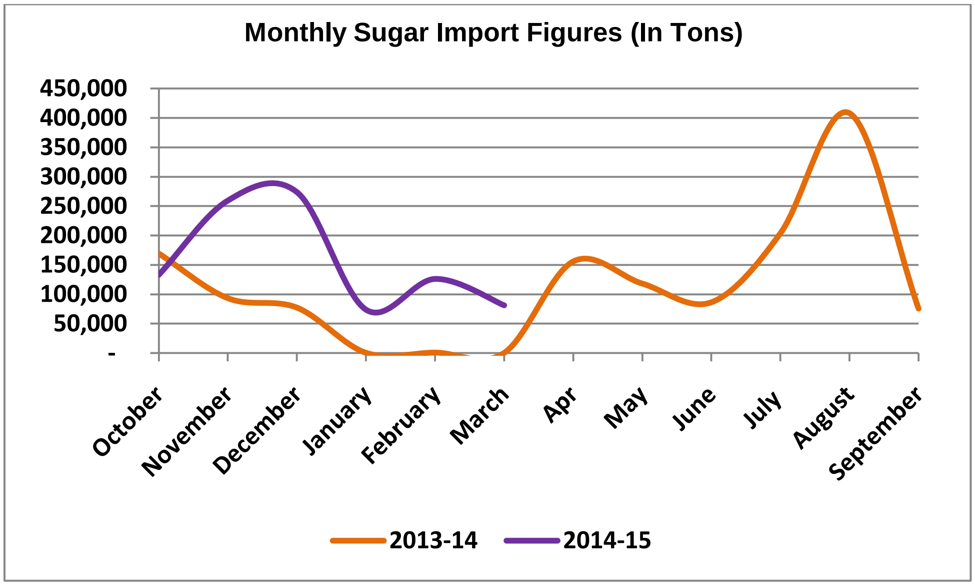
On International front, Brazil sugar FOB prices quoted at $338.75/ Ton.
Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

Indicative Sugar FOB Prices (USD/MT) ($=Rs.62.16) till 06th Apr, 2015			
	Brazil	**Thailand (100 Icumsa May Contract/45 Icumsa Spot)**	**India (100 Icumsa)**
Comparative Sugar FOB Prices	$338.75	$372.25/358.10	$394.14

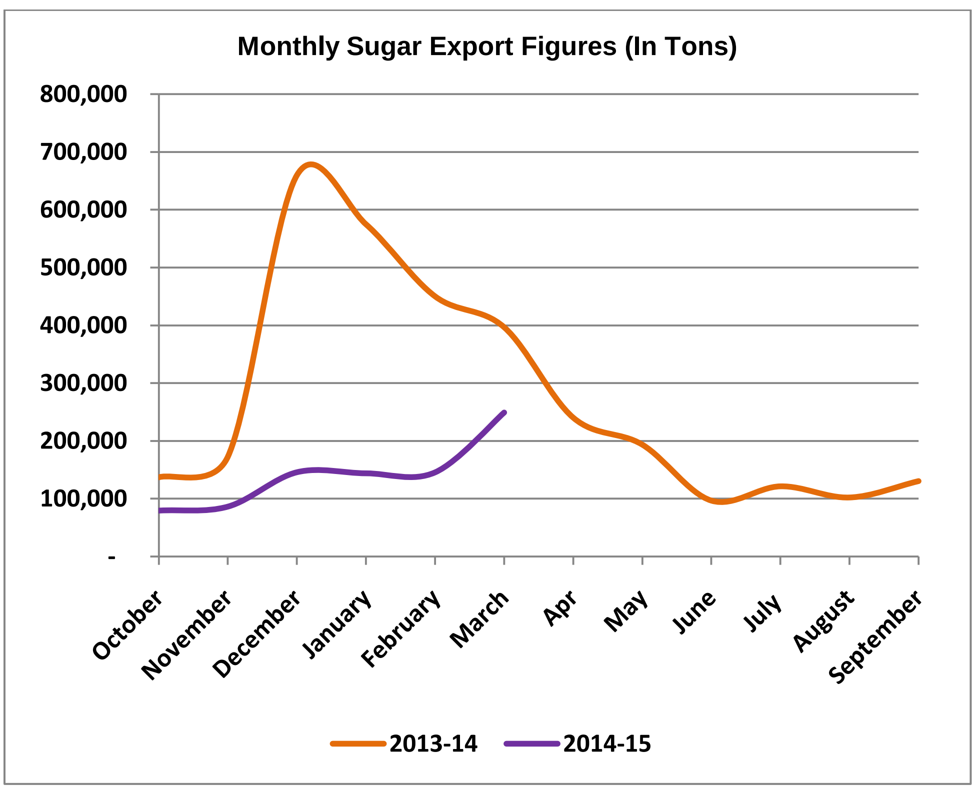
Sugar Import and Export Scenario:

India's sugar trade scenario improved this month as the country exported relatively more sugar in comparison to the imports made for the month. Notably, the country exported 2.49 lakh tons of sugar in March, 2015 as against 0.81 lakh tons of import during the same period.





With a lower domestic demand for the sweetener and falling Indian currency, the Indian sugar imports fell by 35.7% from 1.26 lakh tons in February, 2015 to 0.81 lakh tons in March, 2015. Notably, the country had imported only 28 tons of sugar last year in March, 2014 compared to 1.79 lakh tons in March, 2013



India exported record level sugar this month so as to meet strong sweetener demand from major importers (mid east countries) ahead of festivities such as Ramadhan and Idul Fitri, which will fall consecutively in June and July. Reportedly, India exported 2.49lakh tons of sugar in March, 2015 which was 70.8% higher than the sugar exported last month in February, 2015. However, an y-o-y comparison shows that the country exported much larger quantity (3.97 lakh tons) last year in March, 2014.

Sugar Domestic Balance Sheet:

	Estimated Balance sheet	
Qty in lakh Ton	**2013-14**	**2014-15**
Opening Sugar stock	58.89	39.94
Estimated sugar production	245	249
Imports(IBIS)	13.86	9.47
Estimated sugar availability	317.75	298.42
Total Export (IBIS)	32.81	8.51
Total Available for domestic consumption (D-E)	284.94	289.91
Estimates sugar consumption	245	250.39
Ending Stock	39.94	39.52

Spot Sugar Prices Scenario (Monthly):

Spot Sugar Prices Scenario Monthly (Average)				
Commodity	**Centre**	**Mar-15**	**Feb-15**	**Change**
Sugar	Delhi - Grade M	2667	2822	-155
	Delhi - Grade S	2623	2761	-138
	Delhi - Grade L	NA	NA	-
	UP- Khatauli Grade M	2754	2917	-163
	UP- Ramala Grade M	2689	2791	-102
	UP- Dhampur Grade M Ex-Mill	2608	2770	-162
	UP- Dhampur Grade S Ex-Mill	2587	2750	-163
	UP- Dhampur Grade L Ex-Mill	2657	2820	-163
	Mumbai –Grade M	2774	2912	-138
	Mumbai –Grade S	2580	2720	-140
	Kolhapur – Grade M	2450	2584	-134
	Kolhapur – Grade S	2350	2484	-134
	Guhawati – Grade S	2649	2785	-136
	Shillong – Grade S	2670	2804	-134
	Vijayawada – Grade M	2996	3093	-97
	Vijayawada- Grade S	2896	2993	-97
	Nagpur – Grade M	2810	2992	-182
	Nagpur – Grade S	2594	2752	-158
	Kolkata – Grade M	2726	2873	-147
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3035	3035	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3035	3035	Unch
	Chennai - Grade S	2519	3035	-516

Gur Market Scenario and Outlook:

Mixed sentiments were recorded in gur spot market this month with price rising in some markets while declining in others.

Despite of a lower arrival this month, the Chaku variety of gur in key Muzaffar Nagar market fell down by Rs 96 per quintal from Rs 2331 per quintal (February, 2015) to Rs 2235 per quintal in March, 2015. Similarly, Khurpa and Laddoo variety of gur fell down by Rs 90 & Rs 113 per quintal this month to reach at Rs 2091 and Rs 2220 per quintal respectively. The Mudde variety of Belgaum also declined by Rs 180 per quintal to reach at Rs 2400 per quintal for the month.

However, Penti (Average) variety of Mahalingapura rose by Rs 114 per quintal for the month from Rs 2530 per quintal in February to Rs 2644 per quintal in March. Similarly, Achhu (Medium) variety of gur in Mandya district rose by Rs 348 per quintal from Rs 2415 per quintal to Rs 2763 per quintal this month.

Spot Jaggery (Gur) Prices Scenario (Monthly):

Gur Spot Prices Scenario Monthly (Average)				
Markets	**Variety**	**Mar-15**	**Feb-15**	**Change**
Muzaffar Nagar	Chaku	2235	2331	**-96**
	Chaku(Arrival-Sum)	116000	161500	**-45500**
	Khurpa	2091	2181	**-90**
	Laddu	2220	2333	**-113**
	Rascut	NA	NA	**-**
Hapur	Chaursa	2091	2168	**-77**
	Balti	2036	2102	**-66**
Maharashtra	Latur(Lal Variety)	2250	2397	**-147**
BANGALORE	Mudde	3974	3926	**48**
Belgaum	Mudde	2400	2580	**-180**
Belthangadi	Yellow (Average)	3100	3108	**-8**
Bijapur	Achhu	NA	NA	**-**
Gulbarga	Other (Average)	2603	2630	**-27**
Mahalingapura	Penti (Average)	2644	2530	**114**
Mandya	Achhu (Medium)	2763	2415	**348**
	Kurikatu (Medium)	2267	2200	**67**
	Other (Medium)	2415	2265	**150**
	Yellow (Medium)	2596	2415	**181**
Shimoga	Achhu (Average)	2915	2868	**47**

Commodity: Sugar
Contract: Continuous Chart

Exchange: NCDEX

SUGAR Continuous Chart (C1)

Technical Commentary:

- Sugar prices are falling while volume and O.I surges up for the month.
- Also RSI is hovering in a neutral zone.
- The last candlestick depicts bearishness in the market.

Strategy: We advise market participants to Buy.

Positional Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	C1 Chart	2224	2300	2401	2550	2610
Intraday Trade Call			**Call**	**Entry**	**T1**	**T2**	**SL**
Sugar	NCDEX	C1 Chart	**Buy**	Above 2400	2480	2510	2352

International Scenario

International sugar prices remained subdued amid ample supplies and higher stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

International Market News Highlights:

- The Thailand govt. is planning to seek policy change in Cane and Sugar Act, which confined only one sugar factory to be located within 80kms of range within the country. Thus, the step is expected to enhance sugar production capacity of Thailand by facilitating more sugar mills within the nation.

- The Indonesian govt. had raised raw sugar import permit from 6.7 lakh tons (in first quarter of 2015) to 9.5 lakh tons for the second quarter of the year. Notably, the step has been initiated to meet huge domestic demand arising in the month of June and July due to the festivities like Ramadhan and Idul Fitr.

- Brazilian sugar mills had started their cane crushing early this season (1st Apr, 2015- 31st Mar., 2016) and had crushed around 1.24 million tons of cane (thereby churning 23.2 thousand tons of sugar) by 15th March, 2015. Reportedly, 20 Brazilian mills had participated in the crushing operation so far.

- The International Sugar Organization (ISO) expects global sugar deficit of two million tons in 2015-16 (1st Oct- 30th Sep) as against a less than one million tons sugar surplus forecast for current season, 2014-15 (1st Oct- 30th Sep).

- Market expert, F.O.Licht, predicted Brazilian Centre South region to crush 580 million tons of sugarcane in 2015-16 (1st Apr, 2015 – 31st Mar, 2016) to produce around 31.8 million tons of sugar by the season end.

- As per the UNICA report, Brazil's centre south region had churned around 4.7 thousand tons of sugar (from 464 thousand tons of sugarcane) in first two weeks of February compared to 13.5 thousand tons (from 821 thousand tons) in the second half of January, 2015.

- The Australian govt. predicted the country's total sugar production at 4.6 million tons for this marketing year 2014-15. However, the production is projected to decline next year in 2015-16 amidst rising prospects of El Nino weather event during the period.

- Brazilian agency, CONAB forecasted central south cane production to 582.9 million tons (2014-15) which is 2.8% less than the previous estimate made by it. Notably, the agency attributed the severe draught weather condition in the country for the estimation cut.

ICE Raw Sugar Future Market Scenario (May'15 Contract):

Source: Reuters Eikon

As of **06th Apr 2015,** ICE Raw sugar prices settled at 12.74 cents per lbs. On monthly chart, 11.63 cents per lbs is the immediate support level, breach of the mentioned level would take the prices down to 10.02 cent per lbs.

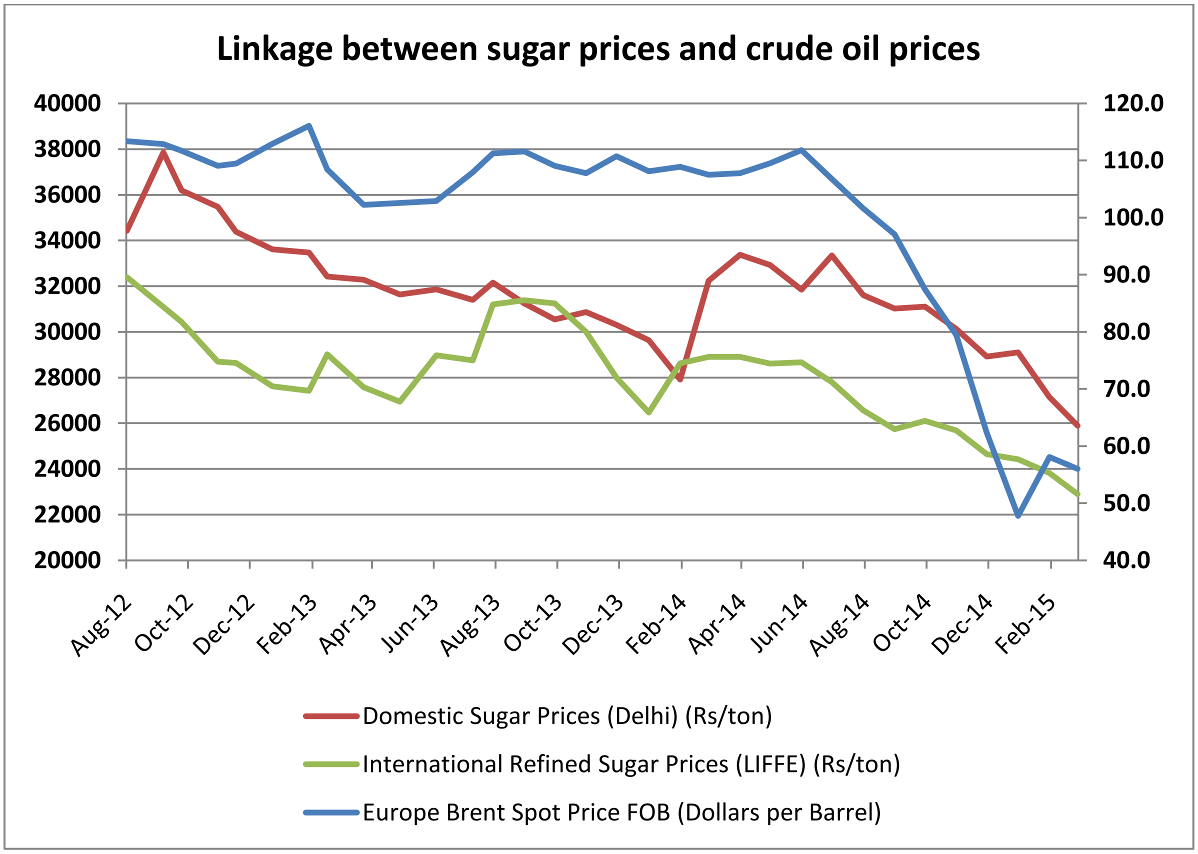
On the upper side, 14.06 and 15.67 cents per lbs are the resistance levels.

LIFFE Future Market Sugar Scenario (May'15 Contract):

Source: Reuters Eikon

As of **06th Apr, 2015,** Prices of Refined Sugar London exchange traded at $367.3 per ton. Here, prices got support at $320.1 per ton if breach then it could test $274.7 per ton. On the northward direction, $429.8 & $460.1 per ton are the next resistance levels.

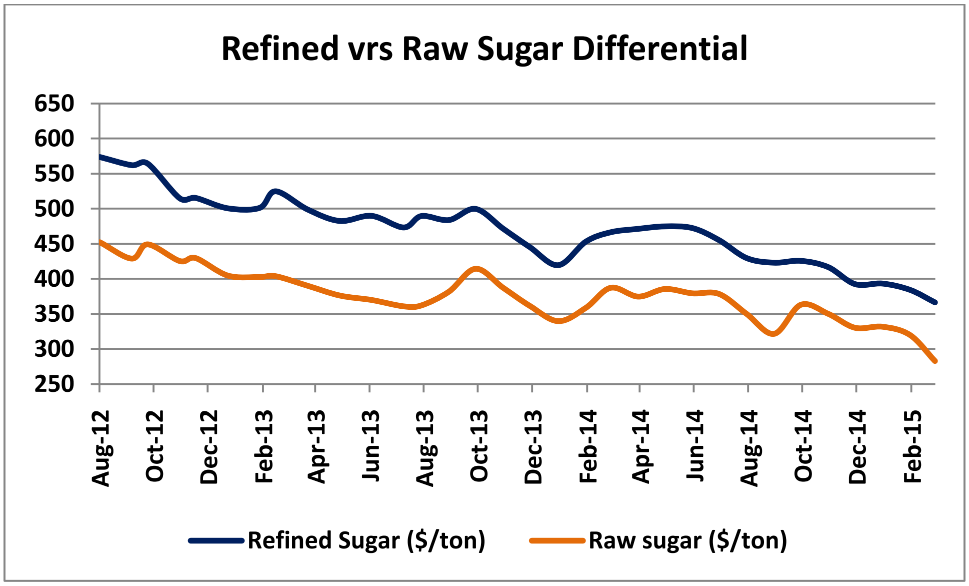
Comparison of Indian Sugar Prices (Delhi Market) and International Refined Sugar Prices (LIFFE) with Crude Oil Prices:



As could be seen from the chart above, a recent dip in crude oil price this year was also followed by fall in sugar prices in India and abroad Sugar prices in International markets fell like anything during last couple of months owing to global sugar surplus. Moreover, major sugar producers like Brazil, Thailand and India are producing large quantity of sugar for this marketing year 2014-15.

As far as Domestic sugar market is concerned, it is moving downwards over supply pressure of sugar in the open markets by millers and higher sugar production scenario for India in this marketing year 2014-15.

World Raw & Refined Sugar differential:



International Sugar Prices (Monthly)				
	Contract Month	30-Mar-15	27-Feb-15	Change
ICE Sugar #11 (US Cent/lb)	15-Mar	-	13.93	-
	15-May	11.99	13.77	-1.78
	15-Jul	12.16	14.05	-1.89
LIFFE Sugar (US $/MT)	15-May	357.5	371.8	-14.3
	15-Aug	353.3	376	-22.7
	15-Oct	353.8	384	-30.2