

**TECHNO FUNDA REPORT ON**

14 August 2015

# **CASTOR SEED FUTURES**

**September**



**Presented by:  
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## TECHNO FUNDA REPORT ON CASTOR SEED FUTURES (SEPTEMBER) – BUY



Source: Reuters

**Recommendation:** Investors are advised to take fundamental positional Buy call in Castor seed futures (September) at current market price for the target of 4310 levels in long-term, with a closing stop loss below 4000 levels.

### Note:

- These long term fundamental calls are for duration of one to three weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

### Fundamental

- Buying is seen for castor seed at the spot markets market at lower levels.
- Castor Seeds ready price quoted at 3,837.50 per quintal on 13th August as compared to the previous closing price of 3,825.00 per quintal.
- Castor seed price is expected to move up on fresh domestic as well as export demand.
- Progressive area of sowing this season in Gujarat state (as on 10th August) is 1,60,100 hectares as compared to 3,15,500 hectares last year.
- Castor seed cash market may trade firm as carryout stock is expected to decrease from 6.04 to 5.54 lakh tonne in 2015-16.
- Seasonality too remains in favor of uptrend as usual. Oil export volume has increased in comparison to last year and flooding in castor planted area in Gujarat and parts of Rajasthan have already affected the normal sowing activities.
- There are some reports that flooding in Gujarat, especially in Banaskantha and Patan region has damaged plants and re-sowing is needed in these areas. Actual loss of area is being assessed and may be in the region of 5 to 6 thousand hectares.

## Basis (August Month)

Commodity	Castor Seeds	
Center	Deesa	
Year	2014	2015
Week 1	17	-41
Week 2	1.5	-56
Week 3	55.8	
Week 4	57	

Source: NCDEX

## Cash and Carry

	SPOT	18-Sep-15		20-Oct-15		20-Nov-15		18-Dec-15	
	Rs.	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Returns	4005	52	1.29%	106	2.64%	150	3.75%	126	3.16%

Source: NCDEX

## Crush Margin

Crush Margin - Castor Seed		
Particulars	Formula	Price (in Rs.)
Castor seed spot/Quintal	A	4005
Castor oil /Quintal	B	8050
Castor oil extracted	$C=B \times 0.47$	3783.5
Castor meal/Quintal	D	700
Castor meal extracted	$E=D \times 0.52$	364
Gross Crush Margin	$F=E+C-A$	142.5
Crushing cost/Quintal	G	140
Net Crush Margin	$F-G$	2.5

Source: NCDEX



## Stock Position (As on August 13, 2015)

Center	Demat Stock( MT)	In Process(MT)
Bhabhar	1258	0
Deesa	19058	201
Kadi	41481	402
Patan	46067	1286
<b>Total</b>	<b>107864</b>	<b>1889</b>

Source: NCDEX

## FED Wise Stock Position (As on August 10, 2015)

	Center	5-Sep-15	5-Oct-15	5-Nov-15	5-Dec-15	5-Jan-16	5-Feb-16	Total
	Castor Seed	Bhabhar	51		532	585	30	60
Deesa		1449	2897	4222	3891	4287	1619	18365
Kadi		1645	6500	13503	9470	4759	3440	39317
Patan		1425	5324	14878	14092	6003	2096	43818
<b>Total</b>		<b>4570</b>	<b>14721</b>	<b>33135</b>	<b>28038</b>	<b>15079</b>	<b>7215</b>	<b>102758</b>

Source: NCDEX

*For further any queries, please contact*

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SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public issue of its equity shares and has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). The DRHP is available on the website of the SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) and the website of the Book Running Lead Managers i.e. Tata Securities Limited at [www.tatacapital.com](http://www.tatacapital.com) and IL&FS Capital Advisors Limited at [www.ilfscapital.com](http://www.ilfscapital.com). Investors should note that investment in equity shares involves a high degree of risk. For details please refer to the DRHP and particularly the section titled Risk Factors in the Draft Red Herring Prospectus.

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