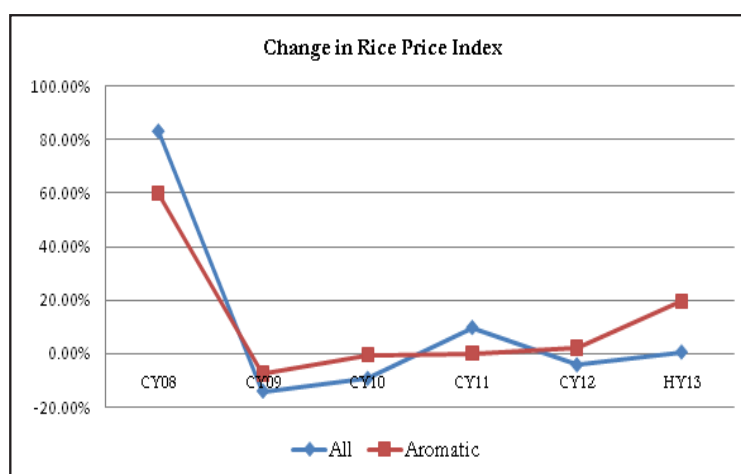


Rice Industry

Pakistan expected to recover its lost share in international markets...

Top five exporters in the global rice market are Thailand, Vietnam, India, Pakistan and USA. During FY14, China and Nigeria are expected to be the largest buyers while India and Thailand are likely to lead in terms of exports.

Global rice prices remained stable till FY12 but depicted an increasing trend towards the end of HY13 due to supply constraints amidst limited carryover stocks and reduced acreage in rice cultivation. Moreover, prolonged rains throughout the major Asian exporting countries caused a delay in new crop arrival. The increase largely pertains to aromatic rice category.



World-wide rice production is forecasted to increase to 474.2m tons (FY13: 468.7m tons), depicting an increase of 1.2% in FY14. Over the last three years, there were some major developments in the global rice trading market. India piled up significant domestic rice stocks to ensure local food security. As this stock was heavily subsidized by the Indian government, when off-loaded in the international market it proved significantly competitive. The already subsidized rice along with Indian rupee devaluation made penetrating the international markets easier, taking away share of Thailand as the largest exporter. On the contrary, rice from Thailand became expensive due to a mortgage scheme initiated by the Government of Thailand, providing higher support prices to local farmers to gain political mileage. As a result, Thailand rapidly lost its share of rice to India in global markets. India became the largest rice exporter having export volumes of 10.5m tons (FY11: 4.6m tons) replacing Thailand which had export volumes of 6.9m tons (FY11: 10.7m tons) in FY12.

Similar to the rice export scenario, there were some major changes in the global rice import trends. Earlier, Nigeria was the largest rice importer having import volumes of 3.4m tons (FY11: 2.6m tons) in FY12. In FY13, China surpassed Nigeria by importing 3.2m tons (FY12: 2.9m tons) of rice. China's bulk buying from international markets was largely an outcome of higher local prices vis-a-vis international markets.

Top five exporters in the global rice market are Thailand, Vietnam, India, Pakistan and USA. Their relative market share movement in the past five years is presented in the table below.

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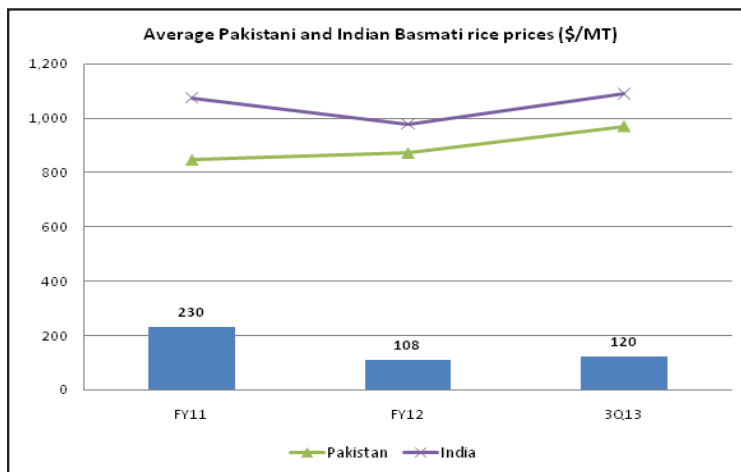
Pakistan is one of the leading exporters of Basmati and IRRI (white) rice. Around 11% of total agricultural area in Pakistan is dedicated to rice cultivation, making it the third largest crop in the country after wheat and cotton. Basmati rice is only grown in the province of Punjab while IRRI is a crop of both Punjab and Sindh.

Pakistan's actual production was 6m tons of rice against a target of 6.9m tons in FY13. The shortfall in production was largely due to floods during September 2012 in Sindh. Pakistan's rice production is forecasted at 6.2m tons on the back of better water levels expected in reservoirs during FY14. However, heavy rains and floods in August 2013 damaging around 10% of the national crop are likely to affect the forecasted production levels of the upcoming year. The loss may escalate paddy prices by 10-15%.

Pakistan exported 3.5m tons (FY12: 3.7m tons) of rice, depicting a decrease of 5% in FY13. The decline was manifested in basmati rice exports which stood at 630,035 tons (FY12: 968,942 tons). The fall in Basmati exports was largely due to market share lost to India.

Top Rice Exporters Global Market Share				
	FY10	FY11	FY12	FY13
India	7%	13%	27%	25%
Thailand	29%	29%	18%	18%
Vietnam	21%	19%	20%	19%
Pakistan	13%	9%	9%	8%
United States	12%	9%	8%	9%

Source: Grain World Market and Trade, Foreign Agriculture Service, United States Department of Agriculture.



Historically, Pakistani basmati prices have remained at a considerable discount to Indian basmati prices. In recent years, Indian prices reduced to an extent whereby the price differential stood only nominal. However, this trend was somewhat arrested during 2H13 as India's subsidized stock was largely sold and price of new stock was relatively higher. The phenomenon led to

a reappearance of wider price gap between Pakistani and Indian basmati. Comparison of the average price of basmati rice between India and Pakistan is given in the adjacent graph.

Iran is a major export destination for Pakistan. Recently, this market has also been affected as local banks in Pakistan are not allowed to open Letter of Credit against counterparties in Iran due to United Nation sanctions. On the contrary, India has made a currency swap agreement with Iran which facilitates their rice exporters. Consequently, Iran has become the largest buyer of Indian rice internationally.

Pakistan's rice export volumes are expected to gain ground in FY14. With Indian surplus subsidized stock gradually depleting, it is likely that the Indian rice would continue to remain more expensive relative to Pakistani rice. The phenomenon is expected to help Pakistan recover its lost share in international markets. However, Thailand is piling up inventories of rice due to high local prices. In case the Thai Government decides to dump excess stock in

international market, it may create competition with the Pakistani rice. Moreover, India is in the process of adopting National Food Security Bill in September 2013 to provide subsidized food grain to Indian people. The market conditions after this food security bill can replicate the scenario of FY12, where Indian Basmati was closely priced to Pakistani Basmati rice and may affect Pakistani rice exports in the future.

India is also making a move in the upcoming WTO meeting in Indonesia to get approval for this bill. While other countries are expected to oppose this move as it distorts fair international trade, the final outcome of the meeting would have major repercussions for rice exporting countries around the world.

Jahangir Kothari Parade (Lady Lloyd Pier)

Inspired by Her Excellency, The Honorable Lady Lloyd, this promenade pier and pavillion was constructed at a cost of 3 Lakhs and donated to the public of Karachi by Jahangir Kothari to whose genrosity and public spirit the gift is due. Foundation stone laid on January 5, 1920. Opened by Her Excellency, The Honorable Lady Lloyd on March 21, 1921.

Dome: A roof or vault, usually hemispherical in form. Until the 19th century, domes were constructed of masonry, of wood, or of combinations of the two, frequently reinforced with iron chains around the base to counteract the outward thrust of the structure.

Origins: The dome seems to have developed as roofing for circular mud-brick huts in ancient Mesopotamia about 6000 years ago. In the 14th century B.C. the Mycenaean Greeks built tombs roofed with steep corbeled domes in the shape of pointed beehives (tholos tombs).

Otherwise, the dome was not important in ancient Greek architecture. The Romans developed the masonry dome in its purest form, culminating in a temple built by the emperor Hadrian. Set on a massive circular drum the coffered dome forms a perfect hemisphere on the interior, with a large oculus (eye) in its center to admit light.



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KARACHI

VIS House - 128/C, 25th lane off Khayaban-e-Ittehad
D. H. A. Phase VII, Karachi - Pakistan

LAHORE

VIS House - 61-A/1, Street # 17
Cavalry Ground, Lahore - Pakistan

Tel: (92-21) 35311861-70 Fax: (92-21) 35311872-73
Website: www.jcrvis.com.pk

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