

Latest Market Development:-

Prices of aromatic and non-basmati rice ruled with nominal variation in last week. The market is moving at a snail's pace within a positive territory. Demand for full grain and broken is providing support to the market.

According to the trade experts, the market may continue to rule around current levels over the next few days and then it may witness an uptrend in the coming weeks. Following steady domestic demand and easy availability of stocks, retail and bulk buyers are placing orders based on their requirements.

Area under India's Rabi (winter) rice crop planting stands at about 2.8 million hectares as of February 14, 2014, which is up about 33% from about 2.10 million hectares recorded during the same time last year, according to the Ministry of Agriculture.

The Inflation of rice has decreased to 13.61% in the month of December as compare to 14.98% in the month of November. WPI has decreased to 230.3 in December as compare to 232.5 in the month of November.

Rice stock in central pool was 286.96 lakh tonnes as on 1st January 2014 as compared to 286.25 lakh tonnes on 1st December 2013. Punjab has the highest rice stock in central pool at 58.10 lakh tonnes followed by Andhra Pradesh at 17.66 lakh tonnes.

Bihar Government hikes the MSP of paddy for coming kharif crop in 2014-15. Increase of Rs 250 per quintal bonus on procurement of paddy pushing the MSP to Rs.1560 a quintal which is highest in the country and resultant of better production estimation as well as procurement for next season.

India's basmati rice exports are forecast to reach around 4 million tons in FY 2013-14 (April – March), the highest annual basmati rice exports on record and up about 12.5% from around 3.5 million tons in FY 2012-13.

According to IBIS (provisional data), export of rice in the month of December was 8.39 Lakh tones which is 19% less than last year at the same month. Basmati was exported 3.93 lakh tonnes and Non-Basmati was exported 4.46 lakh tonnes in the month of December 2013.

Total Rice export volume from India is up by around 25% in the month of December 2013 against last month, however it is about 19% down from same period last year. On the other hand basmati export in the month of December is also up by around 59% from last month and 37% from last year same period. The major reason behind higher basmati export from last year is due to introduction of new variety of basmati 1509 this year.

According to official sources, India has exported rice worth around \$3.89 billion in the first six months of the fiscal year 2013-14 (April – March), which is about 63% of total rice exports worth \$6.21 billion in the full FY 2012-13

Rice Monthly Export:

| All fig. in Lakh tonnes | Non Basmati | Basmati | Total Export 2011-12 | | Non Basmati | Basmati | Total Export 2012-13 |
|-------------------------------|----------------|--------------|-------------------------|--------------|----------------|-------------|----------------------------|
| 12-Oct | 6.65 | 1.95 | 8.6 | 13-Oct* | 6.98 | 2.14 | 9.12 |
| 12-Nov | 6.49 | 2.08 | 8.57 | 13-Nov* | 4.21 | 2.47 | 6.68 |
| 12-Dec | 7.5 | 2.85 | 10.35 | 13-Dec* | 4.46 | 3.93 | 8.39 |
| 13-Jan | 5.65 | 3.18 | 8.83 | | | | |
| 13-Feb | 4.9 | 3.34 | 8.24 | | | | |
| 13-Mar | 5.7 | 3.87 | 9.57 | | | | |
| 13-Apr | 3.93 | 3.93 | 7.86 | | | | |
| 13-May | 4.67 | 3.45 | 8.12 | | | | |
| 13-Jun | 5.56 | 3.78 | 9.34 | | | | |
| 13-Jul | 6.51 | 3.34 | 9.85 | | | | |
| 13-Aug* | 6.57 | 2.68 | 9.25 | | | | |
| 13-Sept* | 6.81 | 3.61 | 10.42 | | | | |
| Total | 70.94 | 38.06 | 109 | Total | 15.65 | 8.54 | 24.19 |

Source: DGCIS and * IBIS (Revised export Figure)

Total rice exported by India in the previous Marketing Year (MY) October 2012 to September 2013, was 109 Lakh tonnes. This was supported by strong demand from West Asia, Africa and South-East Asian countries and weak Indian rupee.

In marketing year 2013-14 we expect total rice export around 100 Lakh tonnes owing to good global production, reduction in rice pledging scheme prices by Thailand and firming Indian rupee. So far 24.19 Lakh tones has been exported as compare to 27.52 lakh tones for the same period last year.

Rice Balance Sheet:-

Rice production in India has been on the rise from 2010-2011 to 2012-13 on the back of favorable monsoon, higher area coverage backed up by higher MSP and good export demand.

However, production is likely to dip slightly in 2013-14 to 101/102 million T due to recent loss caused by two consecutive cyclones, followed by heavy rainfall at maturity and harvesting stage. However, it is unlikely to interrupt supply in the domestic market as carryout stock is ample to take care of domestic and export market.

India Rice Balance Sheet:-

| Figure in MMT | 2010-11 | 2011-12 | 2012-13 | 2013-14* E |
|----------------------------|--------------|--------------|--------------|--------------|
| Carry in | 18.44 | 20.86 | 23.38 | 24.38 |
| Production | 95.98 | 104.32 | 104 | 102 |
| Imports | 0 | 0 | 0 | 0 |
| Total Availability | 114.42 | 125.18 | 127.38 | 126.38 |
| Consumption | 90.78 | 91.6 | 92.5 | 94 |
| Exports | 2.78 | 10.2 | 10.5 | 10 |
| Total Usage | 93.56 | 101.8 | 103 | 104 |
| Carry out | 20.86 | 23.38 | 24.38 | 22.38 |
| Av Monthly Consumption | 7.57 | 7.63 | 7.71 | 7.83 |
| Stock to Month Use | 2.76 | 3.06 | 3.16 | 2.86 |
| Stock to Consumption Ratio | 0.23 | 0.26 | 0.26 | 0.24 |

(Source: Agriwatch Research, USDA)

Progressive Procurement of Rice

(Fig. in Lakh tonnes)

| States | Total procurement in marketing season 2011-12 (Oct. – Sept.) | As on 24.05.2013 | |
|----------------|--|-----------------------------|-----------------------------|
| | | In Marketing season 2012-13 | In Marketing season 2011-12 |
| Andhra Pradesh | 75.40 | 59.05 | 65.83 |
| Chhattisgarh | 41.15 | 48.50 | 41.13 |
| Haryana | 20.07 | 26.58 | 20.07 |
| Kerala | 3.72 | 2.30 | 3.42 |
| Madhya Pradesh | 6.35 | 9.27 | 6.35 |
| Maharashtra | 1.78 | 1.78 | 1.90 |
| Orissa | 28.64 | 29.52 | 21.36 |
| Punjab | 77.31 | 88.71 | 77.31 |
| Tamil Nadu | 15.96 | 4.75 | 15.84 |
| Uttar Pradesh | 33.55 | 32.48 | 33.01 |
| Uttaranchal | 3.78 | 7.36 | 3.36 |
| West Bengal | 20.41 | 13.95 | 21.66 |
| All-India | 350.31 | 338.25 | 326.26 |

Source: <http://dacnet.nic.in/>

Rice procurement by Government agencies has now going very slow due to lean season and procurement target of 400 lakh tonnes in this season (September-2013) is unlikely to achieve as stock of rice is not as much available in the markets, however procurement is likely to touch around 350 lakh tonnes same as last year in this season.

Month-wise Rice Stock in Central Pool (As on 1st day of the month) Values in MMT

| Year | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2011 | 25.58 | 27.80 | 28.70 | 28.82 | 27.76 | 27.64 | 26.86 | 25.27 | 22.7 | 20.5 | 26.83 | 27.63 |
| 2012 | 29.71 | 31.8 | 33.17 | 33.35 | 32.92 | 32.14 | 30.70 | 28.50 | 25.59 | 23.4 | 28.95 | 30.67 |
| 2013 | 32.22 | 35.4 | 35.8 | 35.46 | 34.72 | 33.3 | 31.50 | 29.23 | 26.78 | 23.13 | 28.58 | 28.62 |
| 2014 | 28.69 | | | | | | | | | | | |

*Format of stock position has been revised w.e.f. 1.9.2013. In earlier format, rice included unmilled paddy lying with FCI and State Agencies in terms of rice.

Total rice stocks in India's central pool 28.66 million tons as of January 1, 2014.

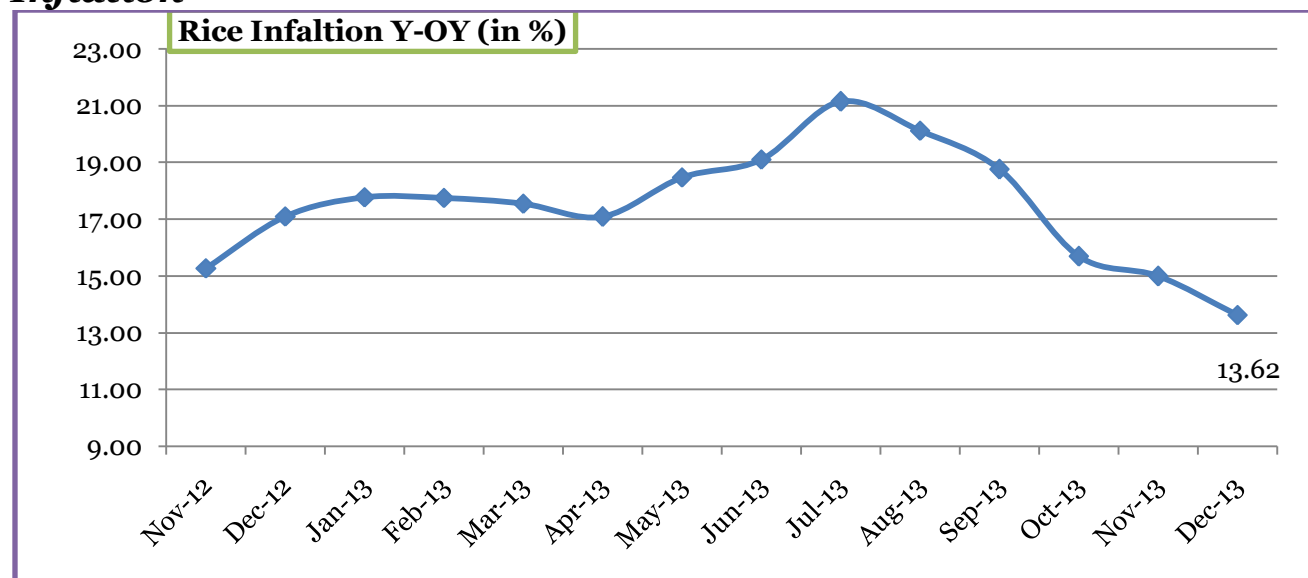
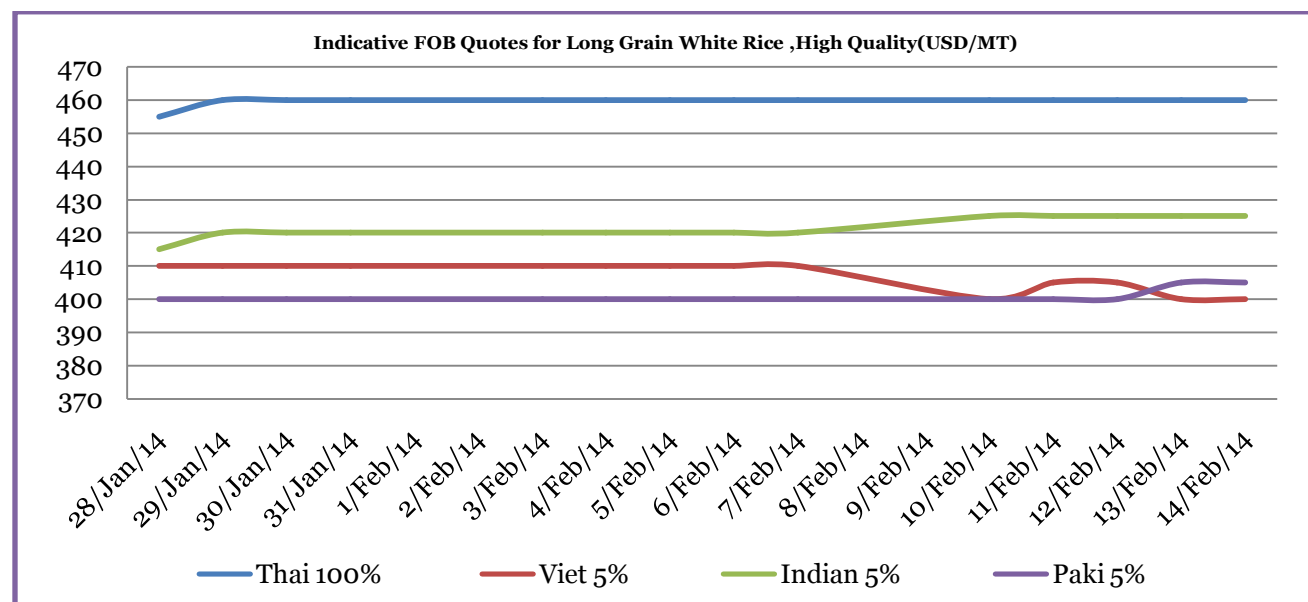
State wise Wholesale Prices Weekly Analysis for Rice Third Week of February, 2014:

| State | 09-15 Feb 2014 | 01-08 Feb 2014 | 24-31 Jan 2014 | 09-15 Feb 2013 | % Change(Over Previous Week) | % Change(Over Previous Year) |
|-------------|----------------------|----------------------|----------------------|----------------------|---------------------------------------|---------------------------------------|
| AP | 3123.95 | 3056.13 | 3014.28 | 3086.73 | 2.22 | 1.21 |
| Assam | 3007.14 | 3061.43 | 3034.51 | 2494.15 | -1.77 | 20.57 |
| Gujarat | 2660.77 | 2641.44 | 2637.13 | 2651.15 | 0.73 | 0.36 |
| Jharkhand | 2512.42 | 2562.39 | 2550.63 | 2251.99 | -1.95 | 11.56 |
| Karnataka | 2921.96 | 2811.06 | 2929.89 | 3064.07 | 3.95 | -4.64 |
| Kerala | 4143.59 | 3828.81 | 3363.43 | 3586.44 | 8.22 | 15.53 |
| Maharashtra | 1984.67 | 3838.02 | 8350.44 | 5246.38 | -48.29 | -62.17 |
| Manipur | 2600 | 2619.67 | 2500 | | -0.75 | — |
| Meghalaya | 3591.03 | 3439.86 | 3447.37 | 1953.75 | 4.39 | 83.8 |
| Delhi | 2000 | | 1912.5 | 1700 | — | 17.65 |
| Orissa | 2324.17 | 2393.54 | 2440.24 | 2001.75 | -2.9 | 16.11 |
| Tripura | 2734.89 | 2737.1 | 2742.07 | | -0.08 | — |
| UP | 1975.58 | 1937.45 | 1945.04 | 1672.83 | 1.97 | 18.1 |
| Uttarakhand | 2031.45 | 1927.09 | 2206.54 | 1777.45 | 5.42 | 14.29 |
| WB | 2446.84 | 2460.38 | 2449.23 | 2246.78 | -0.55 | 8.9 |
| Average | 2670.56 | 2808.17 | 3034.88 | 2594.88 | | |

Prices of rice have showed slightly downward movement in February 2nd week from first week of February, market is expected to trade steady to slightly weak at current level.

Price Projection for February 3rd Week in Domestic Market:

| Duration | Trend | Average Price Range |
|-----------------------|--------------------------------|-----------------------|
| 3rd Week of Feb, 2014 | Steady to Slightly weak | Rs.2550-2650/Q |

Inflation

FOB Quotes for Long Grain White Rice, High Quality


World Market Recap:

China has recently increases the paddy MSP for 2013-14, and it is in the range of 2.2%-3.3% depends upon the variety of rice. According to National Development and Reform Commission (NDRC) new paddy support price for early indica rice, mid-and-late indica rice and for japonica rice is 2.70 Yuan per kilogram, 2.76 Yuan per Kg and 3.10 Yuan Per Kg respectively.

According to the Vietnam Food Association, Vietnam exported 307,000 tons of rice in January 2014, down about 24% from the same period last year. The exports were valued \$127.5 million, down about 31% from January of last year, suggesting an average price of about \$415 per ton.

According to the USDA, Bangladesh's rice production in the MY 2013-14 (May 2013 - April 2014) is expected to increase to around 34.59 million tons, up about 2% from around 33.82 million tons produced in the MY 2012-13 due to better yields and good weather .

The Philippines' rice buying agency National Food Authority (NFA) has begun accepting applications from private importers for the import 163,000 tons of well-milled rice from Thailand, India, China and Australia, under the 2014 Minimum Access Volume (MAV) - Country Specific Quota (CSQ) program from February 1, 2014.

Russia's paddy rice production in 2013 stood at around 926,000 tons, down about 12% from around 1.05 million tons in 2012, mainly due to reduced area cultivated and yields.

Pakistan's rice exports in the first six months of the current fiscal year 2013-14 (July - June) stand at around 1.41 million tons, up about 9% from around 1.29 million tons exported during the same period in FY 2012-13, according to provisional data from the Pakistan Bureau of Statistics (PBS).

Total rice production estimates in US for 2013-14 is about 8.61million tonnes, which is 6% higher by previous estimation of 8.56 million tonnes as per latest report by USDA. Rice yields have also increased by USDA of about 8.56 million tonnes per hectares. US are the major rice exporter to European countries and it is likely to boost up the exports in 2013-14 Marketing Year.

The Philippines may consider buying rice from Thailand if the Thai government renews its rice supply agreement with the Philippines as per latest update by the National Food Authority (NFA). Thailand's rice supply agreement expired last year and it was not renewed.

IGC Balance Sheet:
(Fig. In Million Tonnes)

| | 2010-11 | 2011-12 | 2012-13 est. | Projection for 2013-14 | |
|-------------------------|---------|---------|--------------|------------------------|------------|
| | | | | 28.11.2013 | 30.01.2014 |
| Production | 449 | 465 | 469 | 471 | 470 |
| Trade | 36 | 39 | 37 | 38 | 39 |
| Consumption | 445 | 458 | 469 | 471 | 471 |
| Carryover stocks | 99 | 107 | 107 | 108 | 108 |
| Y-O-Y change | 3 | 7 | 1 | -1 | -2 |
| Major Exporters | 30 | 37 | 40 | 41 | 39 |

Note: Major exporters are India, Pakistan, Thailand, Vietnam, and United States

IGC Rice Balance sheet Highlights:-

- Asian prices have generally weakened over the last two months, but a move preventing access to old crop government inventories has lifted prices in Thailand.
- Global rice output is forecast broadly unchanged y/y in 2013/14, as declines in the world's leading producers, China and India, are offset by gains elsewhere.
- The 2013/14 world carryover is expected to fall fractionally y/y, with major exporters' inventories likely to decline by 4%, as an expansion in Thailand only partly offsets a decline in India.
- World trade is projected to recover by 4% in 2014, boosted by expectations for larger shipments to Far East Asia.

Rice Price Trend @ CBOT March- 14, Rough Rice):
(Prices in US\$/hundredweight)


Market Analysis:

The CBOT March rough rice chart indicates range bound movement in previous sessions. We expect market will hover in the range of USD 15.40 to USD 16.10/ hundredweight in coming sessions.

Price Projection (International-CBOT):-

| Duration | Trend | Price Range |
|--|--------------------------------|-------------|
| 3 rd Week of February, 2014 | Steady to slightly firm | 15.40-16.10 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp> © 2013 Indian Agribusiness Systems Pvt Ltd