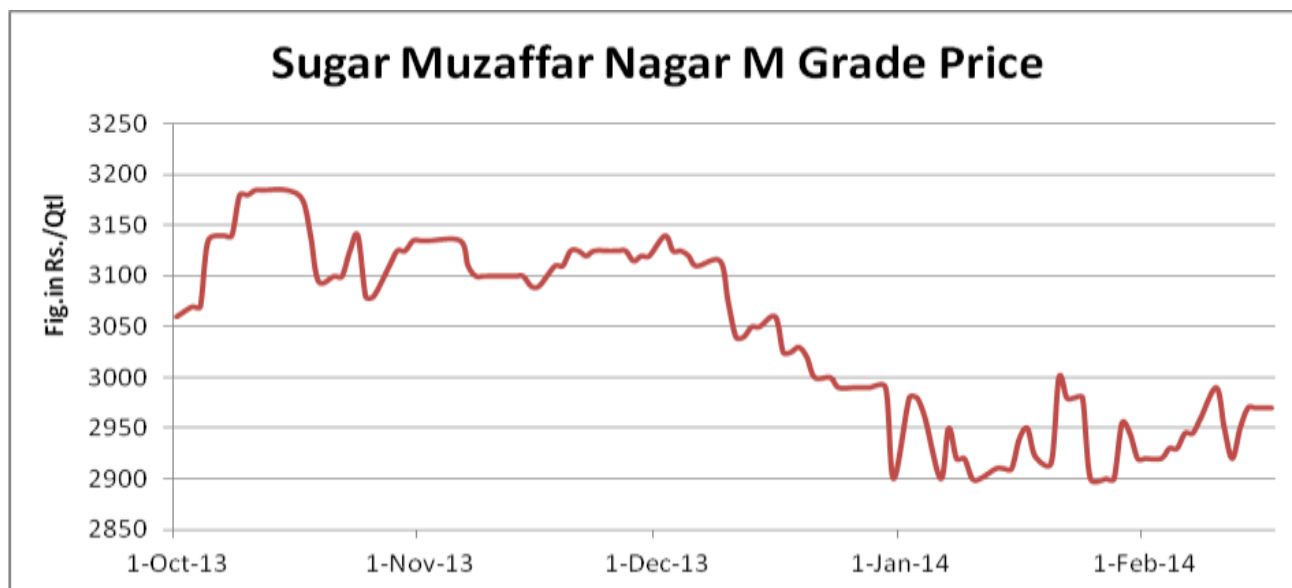


Sugar Price Trend and Outlook:

Sugar Prices are moving up in the previous week. Improved buying interest at lower level, expectation of higher raw sugar export subsidy (around Rs 3500 per T) and drought like condition in Brazil helped market to recover at recent low. Market is likely to trade steady to slightly firm this week as sentiments in the market point towards more firmness.

**Domestic Sugar Price Outlook:**

Sugar cash market starts improving in recent weeks on the back of improved export prospects and expectation of higher consumption in the months ahead. Latest market feedback suggests that production may slightly decrease this year and it would support market to get firmer. Sugar prices in India are ruling at lowest level and mills parity is on stake, as production cost remains higher.

Market participants say that the current uptrend is mainly due to lower crop size, export subsidy for raw sugar, expectation of higher consumption in the month of April, May as usual and Improved prices in the global market. This year sugar production is likely to dip due to delayed crushing. All these factors remain supportive to the sugar cash market.

News Highlights:

- Indian closing sugar stocks are forecast to be 9.8 million tonnes at the end of September 2014, up from 9.3 million tonnes as of Oct. 1, 2013 as per by ISMA.
- Agriculture Minister Sharad Pawar on Wednesday managed to get Cabinet clearance to provide subsidy for export of four million tonnes of raw sugar, this will be a bigger benefit for sugar millers in Maharashtra and UP among other states and help them pay arrears to sugarcane farmers.

- Sugar futures posted the longest rally in almost five months as drought threatened crop yields in Brazil, the world's top producer and shipper.
- Ministry for 2014-15 marketing season starting next October Reedy Fair & Remunerative Price (FRP) fixed at Rs 10 to Rs 220 per quintal is proposed.
- Brazil's sugar cane harvest will be reduced by at least 36 million tons because of unusually dry weather at the start of the year. Sugar mills in Brazil's center-south region crushed 596 million metric tons of cane in the 2013-2014 season, and that figure was expected to grow by 36 million to 40 million tons in the 2014-2015 season currently in progress

Govt Offers Loan Candy to Soothe Mills:

As The Falling Sugar Prices Have Made It Tougher For The Sugar Mills To Make Cane Payments, The State Government Asked All The Co-Operative Banks In The State To Speed Up The Process Of Disbursal Of The Interest Free Soft Loan For Cane Payment.

The central government has approved to give interest free soft loan of Rs 6,600 crore to the sugar industry in the country. Of this, the sugar mills in Maharashtra are likely to get Rs 2500 crore. There will be moratorium of two years on loan repayment. After the moratorium the sugar mills will have to repay the loan in three years. The central government will pay the interest from the excise duty paid by the sugar mills.

The Maharashtra State Co-operative (MSC) Bank, the apex cooperative bank in the state, gives loans to sugar mills on pledge of the sugar produced. The bank does the valuation of the sugar prices and gives 85% of this value as the loan.

When the season started, the valuation of sugar was Rs 2,600/ quintal. Based on this the bank gave loan of Rs 2,280/quintal, of which Rs 1,530/quintal were for cane payment. Now, as the sugar price has declined to Rs 2,400/ quintal, the money available from the bank for cane payment is only Rs 1,410/quintal. The fair and remunerative price (FRP) of many sugar mills is above Rs 2,000/quintal.

Sugar commissioner Vijay Singhal said, "We had a meeting to take review of the loan disbursal process and speed it up."

As the crushing season is in its second half, the cane payment issue has become more difficult for the mills. Usually, payment of the farmers, whose cane is delivered towards the end of the crushing season, gets delayed as no bank loan is available after the mills stop operating. Pandurang Patil, managing director of

Sangli-based Rajarambapu Patil sugar co-operative said, "We are facing problem of short margin. We have stopped all other payments to pay the cane price."

The banks have so far received loan proposals from 85 co-operative mills and 16 private mills. Those mills, which are operational in the current year, will be eligible to get the soft loan based on the excise duty paid by them in the last three years.

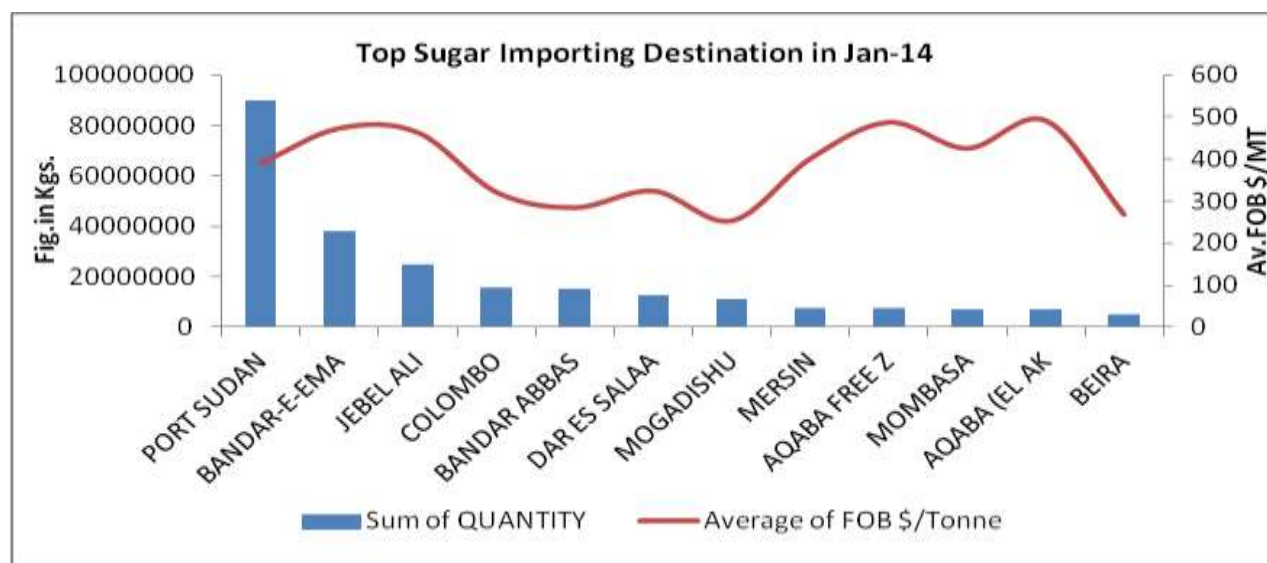
Pramod Karnad, managing director, MSC Bank said, "The proposals received so far are under our scrutiny. We hope that the process of loan disbursal may begin by the end of this month." Government sources accept that many mills have not been able to make cane payment as per the FRP. "Knowing the

sugar prices in the market, we are going soft on taking action against the sugar mills for not making FRP payments on time. We have just given notices to some mills,” said an official on condition of anonymity.

Indicative Import Parity/ Disparity (USD/MT) (\$=Rs.61.94) till 18 Feb 2014

	From Brazil	From Thailand
CIF India (USD/MT)	499.60	-

Sugar Importing Countries in January-2014:-



Sudan was the top importers of Indian Sugar in the month of January followed by Iran and Dubai. On the other hand, highest average FOB quotes were received from Jordan and Iran.

Total sugar export in the month of Jan-14 is approx 2.94 lakh tonnes

We estimate total sugar exports likely to reach 2.5-3 million tons from India in 2013-14 marketing year.

Gur Market Scenario and Outlook

Demand for Gur too have improved in recent weeks and improvement in sugar prices too lends support to Gur market. However, any bull run from current level is unlikely as sugar and Gur stocks are sufficient to take care of exiting demand.

Prices of gur are likely to move slightly up in the shorter period as expected.

Spot Sugar Prices Scenario (Weekly)

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodit	Centre	8th Feb-14th	1st Feb-7th	Chang

y		Feb	Feb	e
Sugar	Delhi - Grade M	2957	2932	25
	Delhi - Grade S	2877	2817	60
	Delhi - Grade L	3041	2992	49
	UP- Khatauli Grade M	3158	3010	148
	UP- Ramala Grade M	2892	2877	15
	UP- Dhampur Grade M Ex-Mill	2947	2901	46
	UP- Dhampur Grade S Ex-Mill	2927	2881	46
	UP- Dhampur Grade L Ex-Mill	2997	2951	46
	Mumbai –Grade M	2947	2906	41
	Mumbai –Grade S	2780	2742	38
	Kolhapur – Grade M	2815	2775	40
	Kolhapur – Grade S	2625	2617	8
	Guhawati – Grade S	2928	2920	8
	Shillong – Grade S	2945	2937	8
	Vijayawada – Grade M	3200	3227	-27
	Vijayawada- Grade S	3100	3127	-27
	Nagpur – Grade M	3000	3000	Unch
	Nagpur – Grade S	2767	2750	17
	Kolkata – Grade M	3040	3055	-15
	Chennai - Grade S	2787	2800	-13
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3015	35
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3015	35

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		14-Feb-14	7-Feb-14	14-Jan-14	14-Feb-13
Sugar	Delhi - Grade M	2970	2945	NR	3380
	Delhi - Grade S	2900	2835	NR	3350
	Delhi - Grade L	3075	2995	NR	3410
	UP- Khatauli Grade M	3200	3150	2980	3395
	UP- Ramala Grade M	2900	2870	2910	3280
	UP- Dhampur Grade M Ex-Mill	2970	2910	2950	NR
	UP- Dhampur Grade S Ex-Mill	2950	2890	2930	NR
	UP- Dhampur Grade L Ex-Mill	3020	2960	3000	NR
	Mumbai –Grade M	2942	2912	3072	3436

	Mumbai –Grade S	2802	2752	2852	3261
	Kolhapur – Grade M	2800	2800	NR	3250
	Kolhapur – Grade S	2650	2650	NR	3150
	Guhawati – Grade S	2954	2954	264	NR
	Shillong – Grade S	2970	2970	320	NR
	Vijayawada – Grade M	3200	3220	3300	3600
	Vijayawada- Grade S	3100	3120	3200	3500
	Nagpur – Grade M	3000	3000	3200	NR
	Nagpur – Grade S	2800	2750	2900	3400
	Kolkata – Grade M	3020	3030	3140	NR
	Chennai - Grade S	2780	2800	NR	3050
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3050	3100	NR
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3050	NA	NR

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	8th Feb-14th Feb	1st Feb-7th Feb	Change
Muzaffar Nagar	Chaku	2588	2809	-221
	Chaku (Arrival)	5300	5167	133
	Khurpa	2453	2479	-26
	Laddoo	2605	2640	-35
	Rascut	2210	2265	-55
Hapur Maharashtra	Chaurasa	2201	2415	-214
	Balti	2241	2299	-58
	Latur(Lal Variety)	2625	2650	-25
Bangalore	Achhu	NR	NR	-
	Mudde	3033	3000	33
Belgaum	Mudde	2640	2650	-10
Belthangadi	Yellow (Average)	2950	3000	-50
Bijapur	Achhu	2444	2350	94
Gulbarga	Other (Average)	2675	2650	25
Mahalingapura	Penti (Average)	2593	2604	-11
Mandya	Achhu (Medium)	2442	2488	-46
	Kurikatu (Medium)	2300	2300	Unch

	Other (Medium)	2342	2300	42
	Yellow (Medium)	2442	2488	-46
Shimoga	Achhu (Average)	3064	3100	-36

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		14-Feb-14	7-Feb-14	14-Jan-14	14-Feb-13
Muzaffar Nagar	Chaku	NA	2700	2375	2700
	Khurpa(New)	NA	2425	2275	2563
	Laddu(New)	NA	2575	2550	2650
	Rascut	NA	2250	2225	2375
Hapur	Chaurasa	2250	2250	2263	NR
	Balti	2260	2275	2175	NR
Maharashtra	Latur(Lal Variety)	2650	2650	2550	2750
Bangalore	Achhu	NR	NR	NR	3000
	Mudde	3100	2900	3400	3300
Belgaum	Mudde	2600	2600	2700	3000
Belthangadi	Yellow (Average)	2400	3000	3100	3300
Bijapur	Achhu	2375	2500	2750	2800
Gulbarga	Other (Average)	2651	2650	3050	2750
Mahalingapura	Penti (Average)	2610	2630	2650	2940
Mandya	Achhu (Medium)	2500	2500	2650	2500
	Kurikatu (Medium)	2300	2300	2350	2300
	Other (Medium)	2400	2300	2350	2350
	Yellow (Medium)	2500	2500	2650	2450
Shimoga	Achhu (Average)	3100	3100	2900	2850

International Sugar Prices (Weekly)				
	Contract Month	13-Feb-14	6-Feb-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	15.66	15.85	-0.19
	14-May	16.04	16.12	-0.08
	14-Jul	16.36	16.41	-0.05
LIFFE Sugar (US \$/MT)	14-May	443.2	437.8	5.4
	14-Aug	449.2	447.4	1.8
	14-Oct	455.3	454.5	0.8

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 20, 2013

SUGAR (Weekly February Contract Chart)

SUGARM200 1403(NCSAMH4)2014/02/16 - Weekly B:2779.00 A:2782.00
O 2770.00 H 2798.00 L 2761.00 C 2781.00 V 5,450 I 20,120 +14 +0.51%
EMA(9) 2756.7 (18) 2795.5 EMA(9) 2756.7 (18) 2795.5



Technical Commentary:

- Sugar prices are moving in the upward direction.
- Last candlestick depicts bullishness to continue.
- RSI is hovering in the neutral zone.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	March	2600	2630	2767	2850	2900
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	March	Buy	Above 2760	2775	2789	2749

Commodity: Gur
Contract: Mar

Exchange: NCDEX
Expiry: March 20, 2013

GUR (March Weekly Chart)



Technical Commentary:

- Gur prices are trying to move upward as chart depicts.
- However, RSI is hovering at neutral region.
- Last candlesticks depict bullishness.

Strategy: Buy

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Gur	NCDEX	Mar	1005	1015	1038.5	1070	1080
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Buy	Above 1032	1038	1045	1028

International Scenario

International sugar market improved considerably due to prevailing fear of drought in Brazil, the top sugar exporters in the global market. However, likely cash subsidy by India on raw sugar export may dampen world market. Global market is still in surplus. The global sugar surplus will extend for a fourth year in 2014-15 as cane is still more profitable than other crops and currency devaluations in producing nations help offset price drops, according to Louis Dreyfus Commodities. Sugar production will outpace consumption by 5 million metric tonnes in the season that starts Oct. 1 in most countries. Now the situation depends on Indian export volume on the back of cash subsidy.

ICE Raw Sugar Futures of March contract up from last trading session and settle at 15.55 cents a pound. Global sugar surplus estimates by various trade houses like USDA, ISO and consistent sugar supply from Brazil led the prices down.

Weak Brazilian Real Support Sugar Exports

Consistent Brazilian Sugar supply in the global markets become the major influencing factor which drove the market downwards. Weak Brazilian real and higher sugar production urge manufacturers and

exporters of sugar to increase the sugar shipments to various countries. In 2012-13, India has imported around 3 million tons of sugar (mainly raw sugar for re-export) mainly from Brazil.



Supply Shipments Started from Thailand and India.

Thailand sugar production pick up pace after delay in start of can crushing operations due to rains. Thailand now also join in the race strongly to supply sugar globally. India also give tough competition to these sugar supplying countries and have exported around 0.8 million tons of sugar (mainly raws) to Asian countries from December 2013 to till date.

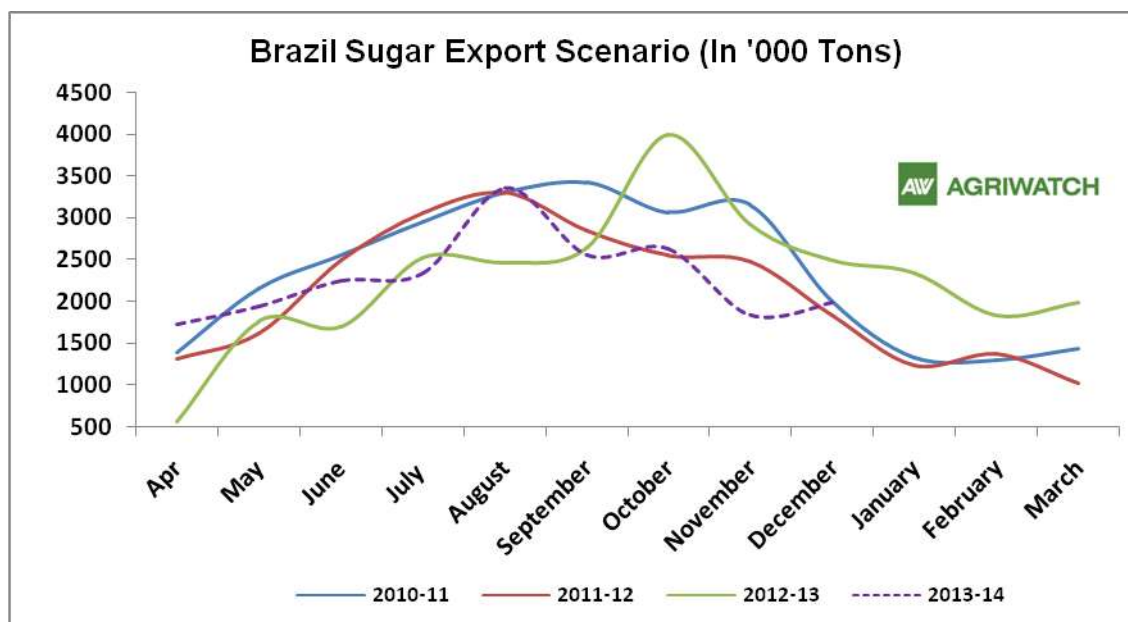
We expect prices to remain steady to weak in ICE as well as in LIFFE for the shorter term.

International Market News Highlights:

- Brazil, the world's largest sugar producer, is boosting shipments to China, fueling speculation that demand in the world's second-biggest importer of the raw sweetener will exceed forecasts for a second year.
- Mexico's 2013/14 sugarcane crush continues to speed up as the industry produced 251,197 tonnes of sugar, tel quel, in the week to January 25, up from 230,711 in the previous week, Agriculture Ministry data showed. This brought total sugar production in the season-to-date to 1.545 million tonnes, marginally ahead of the five-year average but down significantly from 2.102 mln in last year's record crush.
- Brazil sugar millers have diverted sugarcane to make ethanol over sugar with a ratio of 54:46 respectively keeping in view decreasing sugar prices globally, according to UNICA.

- The U.S. Department of Agriculture (USDA) estimates 2012/13 sugar production at 8.977 million short tons, raw value (STRV), comprised of 5.078 million STRV of beet sugar and 3.899 million STRV of raw cane sugar.

Brazilian Sugar Export Scenario



Brazil has exported 1.98 million tons of sugar, raw value, in December 2013 down from 2.49 million tons in the previous year.

Higher sugar production than consumption and smooth movement of sugar at ports led the sugar exports increase from Brazilian ports. It is notable that Brazil has exported 20.59 million tons of sugar this year till November which was 21.03 million tons, raw value, last year same period.

It is expected that sugar exports from Brazil likely to decrease in the coming months considering lower sugar production estimates by various trade houses compared to sugar production estimated earlier.

International Sugar Prices (Weekly)				
	Contract Month	10-Feb-14	6-Feb-14	Change
ICE Sugar #11 (US Cent/lb)	14-Mar	15.64	15.85	-1.32
	14-May	15.93	16.12	-1.18
	14-Jul	16.26	16.41	-0.91
LIFFE Sugar (US \$/MT)	14-Mar	434.0	434.8	-0.18
	14-May	442.9	437.8	1.16
	14-Aug	451.9	447.4	1.01

ICE Future Market Sugar Scenario (Mar'14 Contract):



Technical Commentary:

- Sugar chart formation down trends from current level
- Fall in prices has supported by OI depicts Long liquidation.
- After testing its support level i.e. 15.25, prices should rebound due to profit bookings and prices are likely to move up to 15.85 per ton as expected.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar (US Cent/lb)	Mar'13	15.63	15.85

LIFEE Raw Sugar Future Market Scenario (Mar'14 Contract):



Technical Commentary:

- LIFEE raw sugar futures are trading in the upward channel.



- Last candlestick depicts bullishness in the market.
 - Increase in prices has not supported by OI and Volume depicts short covering.
- Strategy: Buy at current levels and prices are likely to test its next resistance i.e. 18,000 \$.

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFEE Sugar #11 (US \$/MT)	Mar'14	444.20	448.50

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