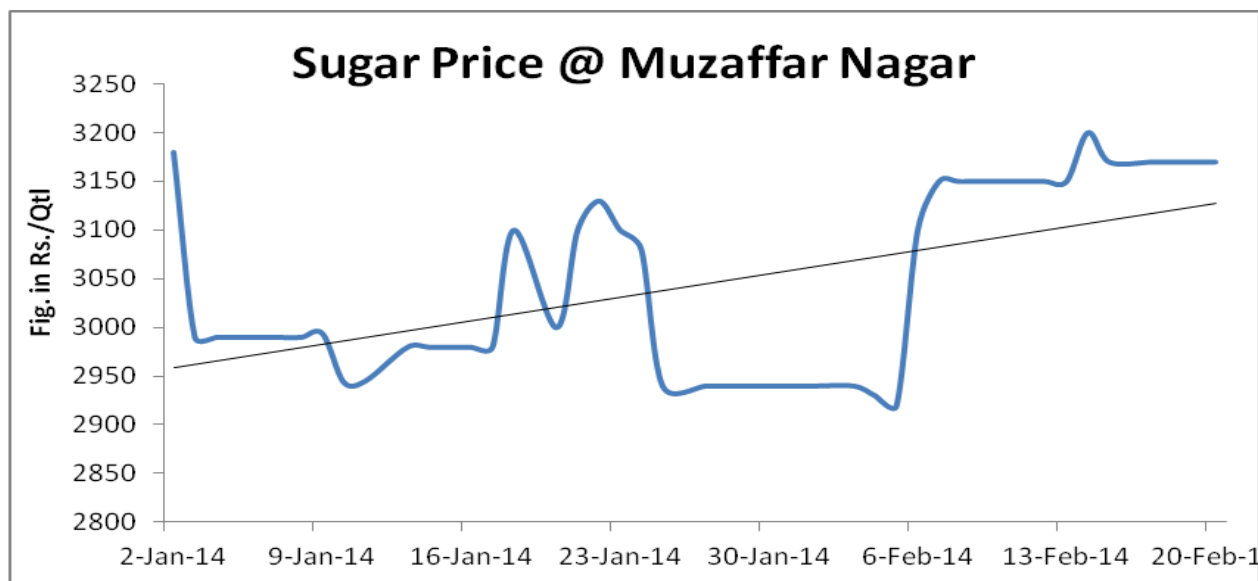


Sugar Price Trend and Outlook:

Sugar Prices are moving northward 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:**

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:

- According to ISMA, sugar output in Maharashtra has reached 4.98 million tonnes while in Uttar Pradesh it declined 18% to 3.57 million tonnes and by 4% to 2.7 million tonnes in Karnataka so far this year.
- 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 received from Jordan and Iran. Total sugar export in the month of Jan-14 is approx 2.94 lakh tonnes.
- According to industry body Indian Sugar Mills Association (ISMA), India has exported about 8.5 lakh tonnes of sugar including 4.5 lakh tonnes of raw sugar till January 31, 2014. Country has produced about 8 lakh tons of raw sugar till January 31, 2014 and expected to produce another 10 lakh tons of raw sugar in remaining months of current season.

- 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.
- India has exported about 8.5 lakh tonne of sugar, including 4.5 lakh tonne of raw sugar, till January 31, 2014. The country has produced about 8 lakh tonne of raw sugar till January 31, 2014 and is expected to produce another 10 lakh tonne of raw sugar in the remaining months of current season, said industry body Indian Sugar Mills Association (ISMA).
- Brazil's main center-south region's cumulative sugar output for the season stood at 34.28 million tonnes at the end of January, barely changed from a month earlier, as mills conducted maintenance for the new season.
- Brazil's Sugar production remains steady with last season's output of 34.08 million tonnes.

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

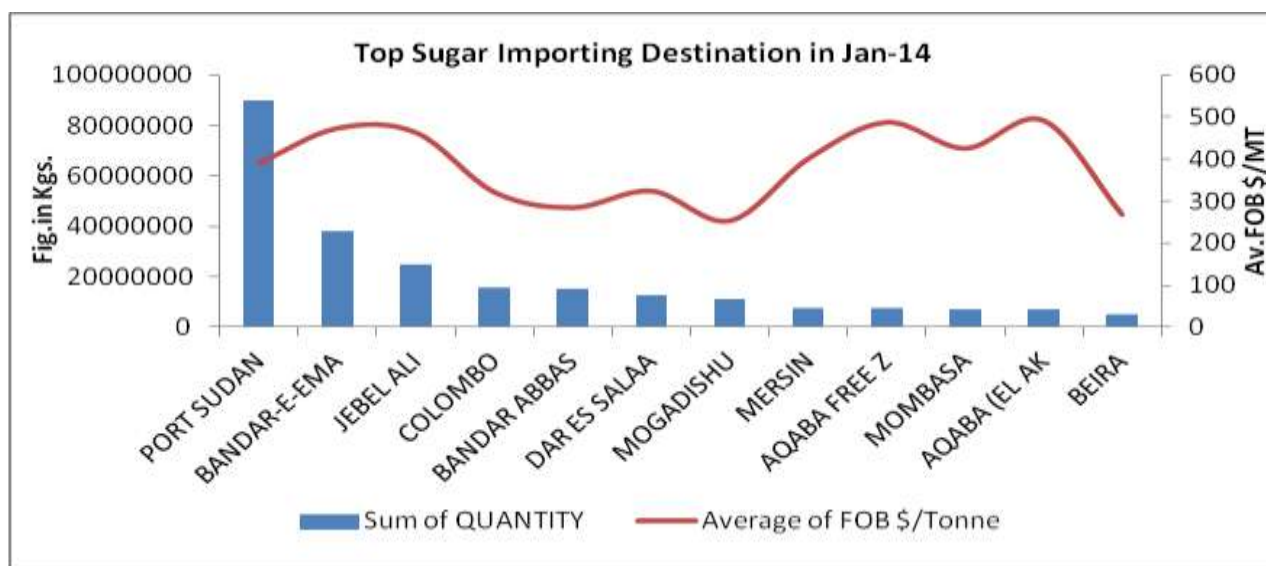
Sangli-based Rajarambapu Patil sugar co-operative said, "We are facing problem of short margin. We have stopped all other payments to pay the cane price."

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)				
Commodity	Centre	15th Feb-21th Feb	8th Feb-14th Feb	Change
Sugar	Delhi - Grade M	2978	2957	21
	Delhi - Grade S	2923	2877	46
	Delhi - Grade L	3075	3041	34
	UP- Khatauli Grade M	3170	3158	12
	UP- Ramala Grade M	2902	2892	10
	UP- Dhampur Grade M Ex-Mill	2961	2947	14
	UP- Dhampur Grade S Ex-Mill	2941	2927	14
	UP- Dhampur Grade L Ex-Mill	3011	2997	14
	Mumbai –Grade M	2939	2947	-8
	Mumbai –Grade S	2780	2780	Unch
	Kolhapur – Grade M	2800	2815	-15
	Kolhapur – Grade S	2650	2625	25
	Guhawati – Grade S	2954	2928	26
	Shillong – Grade S	2970	2945	25
	Vijayawada – Grade M	3220	3200	20
	Vijayawada- Grade S	3120	3100	20
	Nagpur – Grade M	3000	3000	Unch
	Nagpur – Grade S	2800	2767	33
	Kolkata – Grade M	3054	3040	14
	Chennai - Grade S	2780	2787	-7
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3050	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3050	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		21-Feb-14	14-Feb-14	21-Jan-14	21-Feb-13
Sugar	Delhi - Grade M	3000	2970	3000	3400
	Delhi - Grade S	2990	2900	2840	3340
	Delhi - Grade L	-	3075	2980	3430
	UP- Khatauli Grade M	3170	3200	3100	3370
	UP- Ramala Grade M	2910	2900	2900	3315

UP- Dhampur Grade M Ex-Mill	2970	2970	2950	NR
UP- Dhampur Grade S Ex-Mill	2950	2950	2930	NR
UP- Dhampur Grade L Ex-Mill	3020	3020	3000	NR
Mumbai –Grade M	2946	2942	3012	3436
Mumbai –Grade S	2806	2802	2862	3246
Kolhapur – Grade M	2800	2800	2825	3175
Kolhapur – Grade S	2650	2650	2675	3075
Guhawati – Grade S	2954	2954	2979	NR
Shillong – Grade S	2970	2970	2995	NR
Vijayawada – Grade M	3220	3200	3300	3600
Vijayawada- Grade S	3120	3100	3200	3500
Nagpur – Grade M	3000	3000	3200	3450
Nagpur – Grade S	2800	2800	2900	3350
Kolkata – Grade M	3110	3020	3090	3500
Chennai - Grade S	2780	2780	2800	3040
Ambikapur (Chattisgarh)- Grade M (Without Duty)	3050	3050	3100	3201
Ambikapur (Chattisgarh)- Grade S (Without Duty)	3050	3050	NA	3160

Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	15th Feb-21th Feb	8th Feb-14th Feb	Change
Muzaffar Nagar	Chaku	2553	2588	-35
	Chaku (Arrival)	3916	5300	-1384
	Khurpa	2402	2453	-51
	Laddoo	2556	2605	-49
	Rascut	2162	2210	-48
Hapur Maharashtra	Chaurasa	2228	2201	27
	Balti	2275	2241	34
	Latur(Lal Variety)	2600	2625	-25
Bangalore	Achhu	-	-	-
	Mudde	3066	3033	33
Belgaum	Mudde	2640	2640	Unch
Belthangadi	Yellow (Average)	3160	2950	210

Bijapur	Achhu	2490	2444	46
Gulbarga	Other (Average)	2643	2675	-32
Mahalingapura	Penti (Average)	2651	2593	58
Mandya	Achhu (Medium)	2542	2442	100
	Kurikatu (Medium)	2350	2300	50
	Other (Medium)	2450	2342	108
	Yellow (Medium)	2500	2442	58
Shimoga	Achhu (Average)	3100	3064	36

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		21-Feb-14	14-Feb-14	21-Jan-14	21-Feb-13
Muzaffar Nagar	Chaku	2500	-	2450	2775
	Khurpa(New)	2375	-	2400	2588
	Laddu(New)	2525	-	2675	2688
	Rascut	2150	-	2250	2450
Hapur	Chaurasa	2250	2250	2375	NR
	Balti	2288	2260	2200	NR
Maharashtra	Latur(Lal Variety)	2600	2650	2600	2850
Bangalore	Achhu	-	-	3400	3000
	Mudde	3000	3100	-	3300
Belgaum	Mudde	2600	2600	2700	3000
Belthangadi	Yellow (Average)	3100	2400	2400	3300
Bijapur	Achhu	2450	2375	2875	2670
Gulbarga	Other (Average)	2600	2651	2740	2875
Mahalingapura	Penti (Average)	2680	2610	2600	2940
Mandya	Achhu (Medium)	2500	2500	2600	2500
	Kurikatu (Medium)	2350	2300	2350	2300
	Other (Medium)	2450	2400	2400	2350
	Yellow (Medium)	2500	2500	2600	2450
Shimoga	Achhu (Average)	3100	3100	3100	2775

International Sugar Prices (Weekly)				
	Contract Month	20-Feb-14	13-Feb-14	Change

ICE Sugar #11 (US Cent/lb)	14-Mar	16.33	15.66	0.67
	14-May	16.69	16.04	0.65
	14-Jul	16.94	16.36	0.58
LIFFE Sugar (US \$/MT)	14-May	458.4	443.2	15.2
	14-Aug	463.7	449.2	14.5
	14-Oct	469.5	455.3	14.2

Commodity: Sugar
Contract: March

Exchange: NCDEX
Expiry: Mar 20, 2013

SUGAR (Weekly February Contract Chart)



Technical Commentary:

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

Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	March	2600	2630	2817	2900	2950
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	March	Sell	Above 2811	2781	2750	2845

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	1032	1070	1080
Weekly Trade Call			Call	Entry	T1	T2	SL
Gur	NCDEX	Mar	Buy	Above 1028	1036	1042	1024

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.

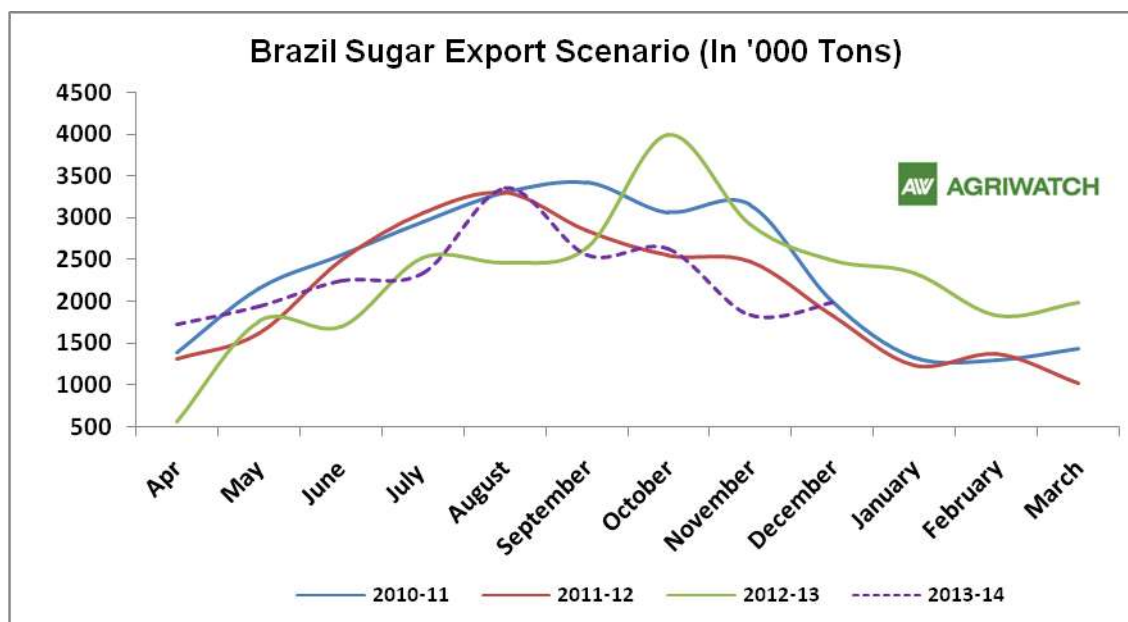
We expect prices to remain steady to weak in ICE as well as in LIFFE for the shorter term.

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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