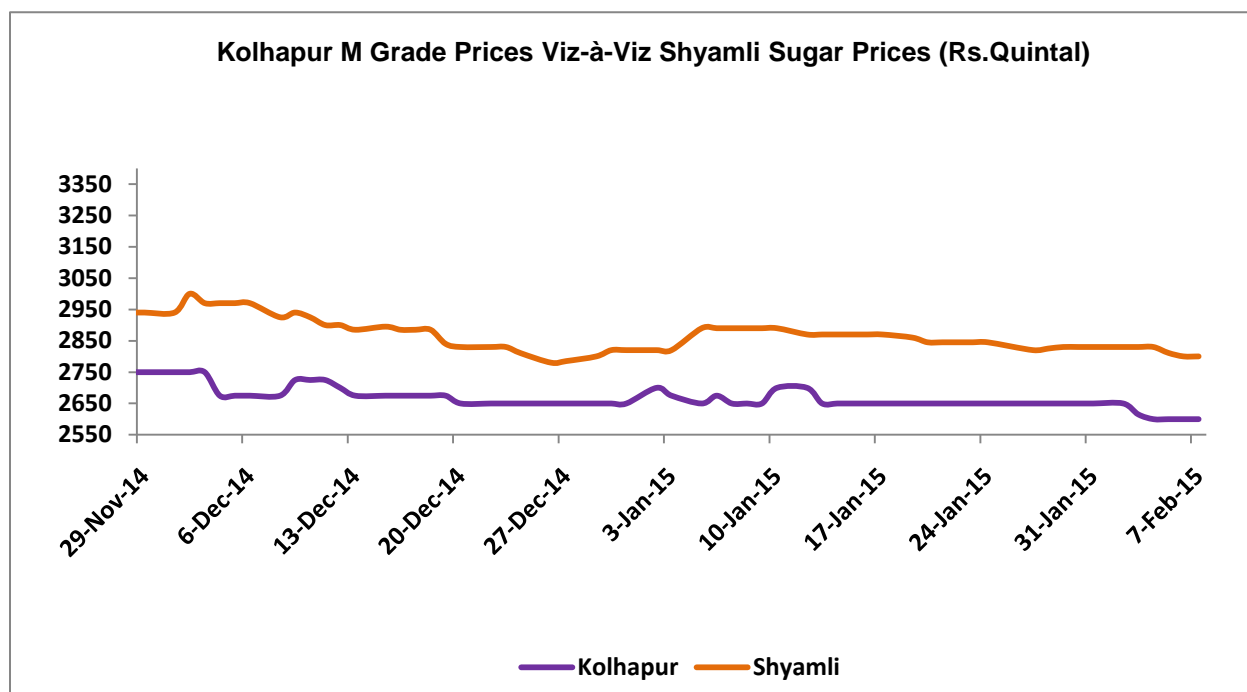


Sugar Price Trend and Outlook:

The Maharashtra govt. strict adaption of revenue recovery (RR) measures had forced local millers in the state to sell their sugar even at a lower rate and had thus brought down the domestic sugar prices in the country. Notably, Maharashtra govt. had already issued legal notice against three sugar mills early in the month for not making fair and remunerative price (FRP) payments for the current crushing season.

Moreover, the Sugarcane Rate Control Act 2013, which got enacted this current session binds sugar factories in Maharashtra to make FRP payment in one single amount instead of three installments (throughout the season) as was done earlier.

Average price for sugar 'M' grade in key Kolhapur market settled at Rs 2611 per quintal this week, which was 1.48% lower than the price quoted last week for the same variety. Similarly, sugar prices in Shyamli district fell by 0.36% this week and were traded at Rs 2817 per quintal compared to Rs 2827 per quintal the previous week.



Price Outlook:

Sugar prices could improve in the weeks ahead as the market expects some positive export initiative by government to prevent further price deterioration in the industry.

News Highlights:

- India's sugar production surges this year (by 15%) with the country producing 134.83 lakh tons of sugar till 31st Jan, 2015 compared to 117.24 lakh tons last year during the same period. Reportedly, 508 sugar mills actively participated in the crushing process so far compared to 491 last year.
- Sugar production in Maharashtra rose marvelously this year with the state producing 54 lakh tons of sugar till 31st January, 2015 which was 30.12% higher than the production made last year during the same period.
- The sugar mills in U.P churned around 33.5 lakh tons of sugar till date (1st Oct, 2014- 31st Jan, 2015) which was 20.33% higher than the sugar produced during same period last year.
- A delayed crushing and lower acreage caused Tamil Nadu to produce only 1.5 lakh tons of sugar this year (up to 31st Jan, 2015) as compared to 3.68 lakh tons last year.
- Sugar production rose marginally (2.66%) in Karnataka where 63 mills together produced 22.79 lakh tons of sugar till 31st Jan, 2015 compared to 22.2 lakh tons last year.
- Sugar production in Gujarat fell down by 1.42% from 6.34 lakh tons in 2013-14 (01st Oct, 2013- 31st Jan, 2014) to 6.25 lakh tons this year in 2014-15 (01st Oct, 2014- 31st Jan, 2015).
- The states of Punjab and Haryana produced 2.4 and 2.2 lakh tons of sugar respectively this season from 01st Oct, 2014- 31st Jan, 2015. While Uttarakhand produced 1.5 lakh tons of sugar during the same interval.
- Sugar production in Bihar rose up at the tone of 34.85% where the state produced 3.25 lakh tons of sugar in 2014-15 (1st Oct, 2014 – 31st Jan, 2015) compared to 2.41 lakh tons during the same period last year.
- The combined sugar production in Andhra Pradesh and Telengana for 2014-15 (1st Oct, 2014 – 31st Jan, 2015) lies at 5.61 lakh tons compared to 5.08 lakh tons a year back.
- The government's delay in announcing raw sugar export subsidy led India to produce only 0.39 lakh tons of raw sugar in 2014-15 (till 31st January, 2015) which was 5.5 lakh tons less than the production made during same period last year.
- ISMA raised its Indian sugar production estimate from 25-25.5 million tons to 26 million tons for this MY 2014-15 (Oct 1- Sep 30). The revision has been primarily made after evaluating a higher sugar production in west Maharashtra and south Karnataka till date.

Indian Sugar Production Scenario Up to 31st January, 2015:

| States | Sugar Produced (Lakh Tons) | |
|----------------------------|----------------------------|--------------|
| | 2014-15 | 2013-14 |
| Maharashtra | 54 | 41.5 |
| Uttar Pradesh | 33.5 | 27.8 |
| Karnataka | 22.8 | 22.2 |
| Tamil Nadu | 1.5 | 3.7 |
| Bihar | 3.3 | 2.4 |
| Andhra Pradesh + Telengana | 5.6 | 5.1 |
| All India | 134.8 | 117.2 |

Raw Sugar Import/Export Opportunity:

Indian indicative raw sugar CIF prices from Brazil quoted at \$495.29 per ton (including 25% import duty) and Indian domestic refined sugar FOB prices quoted at \$426.39 per ton Kolhapur based.

On International front, Brazil sugar FOB prices quoted at \$388.75/ Ton.

Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

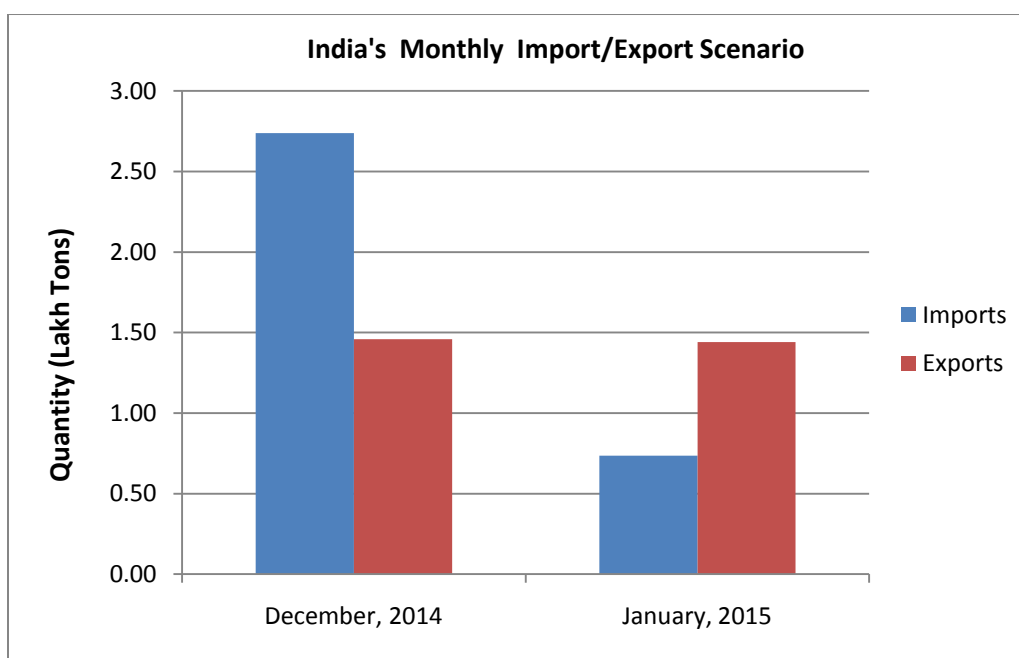
| Indicative Sugar FOB Prices (USD/MT) (\$=Rs.62.15) till 09 th Feb, 2015 | | | |
|--|----------|---|--------------------|
| | Brazil | Thailand (100 Icumsa Oct Contract/45 Icumsa Spot) | India (100 Icumsa) |
| Comparative Sugar FOB Prices | \$388.75 | \$466.55/378.50 | \$426.39 |

Sugar Import and Export Scenario:

Indian sugar trade scenario improved in January as the country imported lower sugar (both raw & white) in comparison to the exports made for the month.

Abundant supply, piling demand and accumulated domestic stock forced India to import only 0.74 lakh tons of sugar this month which was 73.1% lower than the sugar imported last month in December. Even a fall out in global crude oil prices also did not helped much as the country lost parity in importing the commodity from abroad. However, the picture was much buoyant last year when the country imported only 62 thousand tons of sugar in January, 2014.

It should be notable, that the country mostly imported raw sugar during the month from its major counterpart Brazil.



Following a currency appreciation this month, India's sugar export declined 1.3% from 1.46 lakh tons in December, 2014 to 1.44 lakh tons in the month of January, 2015.

Reportedly, the majority of exports made by India had been to the mid- east countries with Sudan topping the list with a total import of 53.12 thousand tons followed by Sri Lanka and Somalia who imported 24.66 and 10.18 thousand tons of Indian sugar respectively. Also, the composition of Indian sugar import mainly comprises of white refined sugar.

Spot Sugar Prices Scenario (Weekly)

| Spot Sugar Prices Scenario (Weekly) (Average) | | | | |
|---|---|---|--|--------|
| Commodity | Centre | 31th January 2015 to 06th February 2015 | 24th January 2015 to 30th January 2015 | Change |
| Sugar | Delhi - Grade M | 2876 | 2887 | -11 |
| | Delhi - Grade S | 2808 | 2825 | -18 |
| | Delhi - Grade L | NA | NA | - |
| | UP- Khatauli Grade M | 2926 | 2940 | -14 |
| | UP- Ramala Grade M | 2843 | 2866 | -23 |
| | UP- Dhampur Grade M Ex-Mill | 2831 | 2836 | -5 |
| | UP- Dhampur Grade S Ex-Mill | 2811 | 2816 | -5 |
| | UP- Dhampur Grade L Ex-Mill | 2881 | 2886 | -5 |
| | Mumbai –Grade M | 2941 | 2947 | -6 |
| | Mumbai –Grade S | 2757 | 2756 | 1 |
| | Kolhapur – Grade M | 2619 | 2650 | -31 |
| | Kolhapur – Grade S | 2519 | 2550 | -31 |
| | Guhawati – Grade S | 2821 | 2852 | -31 |
| | Shillong – Grade S | 2839 | 2870 | -31 |
| | Vijayawada – Grade M | 3137 | 3172 | -35 |
| | Vijayawada- Grade S | 3037 | 3048 | -11 |
| | Nagpur – Grade M | 2958 | 2950 | 8 |
| | Nagpur – Grade S | 2758 | 2790 | -32 |
| | Kolkata – Grade M | 3030 | 2970 | 60 |
| | Chennai - Grade S | 2667 | 2695 | -28 |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3035 | 3035 | Unch |
| | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 3035 | 3035 | Unch |

| Spot Sugar Prices Scenario (Weekly) | | | | | |
|-------------------------------------|---|----------|-----------|-----------|----------|
| Commodity | Centre | Today | Week Ago | Month Ago | Year Ago |
| | | 6-Feb-15 | 30-Jan-15 | 6-Jan-15 | 6-Feb-14 |
| Sugar | Delhi - Grade M | 2870 | 2880 | 2910 | 2945 |
| | Delhi - Grade S | 2830 | 2800 | 2880 | 2835 |
| | Delhi - Grade L | NA | NA | NA | 2995 |
| | UP- Khatauli Grade M | 2900 | 2950 | 2875 | 3100 |
| | UP- Ramala Grade M | 2820 | 2860 | NA | 2870 |
| | UP- Dhampur Grade M Ex-Mill | 2810 | 2840 | 2820 | 2905 |
| | UP- Dhampur Grade S Ex-Mill | 2790 | 2820 | 2800 | 2885 |
| | UP- Dhampur Grade L Ex-Mill | 2860 | 2890 | 2870 | 2955 |
| | Mumbai –Grade M | 2936 | 2946 | 2940 | 2912 |
| | Mumbai –Grade S | 2756 | 2762 | 2766 | 2746 |
| | Kolhapur – Grade M | 2600 | 2650 | 2675 | 2800 |
| | Kolhapur – Grade S | 2500 | 2550 | 2575 | 2650 |
| | Guhawati – Grade S | 2801 | 2852 | 2878 | 2954 |
| | Shillong – Grade S | 2820 | 2870 | 2895 | 2970 |
| | Vijayawada – Grade M | 3120 | 3140 | 3180 | 3220 |
| | Vijayawada- Grade S | 3020 | 3040 | 3020 | 3120 |
| | Nagpur – Grade M | 3000 | 2950 | 3000 | 3000 |
| | Nagpur – Grade S | 2800 | 2800 | 2825 | 2750 |
| | Kolkata – Grade M | NA | 2980 | NA | 3030 |
| | Chennai - Grade S | 2650 | 2675 | 2725 | 2800 |
| | Ambikapur (Chattisgarh)- Grade M (Without Duty) | 3035 | 3035 | 3035 | 3050 |
| | Ambikapur (Chattisgarh)- Grade S (Without Duty) | 3035 | 3035 | 3035 | 3050 |

Gur Market Scenario and Outlook

Gur prices slid down this week amid higher arrivals following favorable weather conditions and a sluggish demand.

Chaku variety of gur in Muzaffar Nagar market settled at Rs 2313 per quintal this week, which was Rs187 less than the price quoted last week for the same variety. On the other hand, Chaurasa and Balti variety of Hapur were bought at a rate of Rs 2298 & Rs 2191 per quintal this week. The Mudde variety of Bangalore also fell down by Rs 290/ quintal and was purchased at Rs 3790 per quintal.

Spot Jaggery (Gur) Prices Scenario (Weekly)

| Spot Jaggery(Gur) Prices Scenario (Weekly) (Average) | | | | |
|--|--------------------|---|--|--------|
| Markets | Variety | 31th January 2015 to 06th February 2015 | 24th January 2015 to 30th January 2015 | Change |
| Muzaffar Nagar | Chaku | 2313 | 2500 | -187 |
| | Chaku (Arrival) | 23500 | 10500 | 13000 |
| | Khurpa | 2279 | 2375 | -96 |
| | Laddoo | 2406 | 2593 | -187 |
| | Rascut | NA | NA | - |
| Hapur | Chaurasa | 2298 | 2515 | -217 |
| | Balti | 2191 | 2305 | -114 |
| Maharashtra | Latur(Lal Variety) | 2433 | 2450 | -17 |
| BANGALORE | Mudde | 3790 | 4080 | -290 |
| Belgaum | Mudde | 2600 | 2740 | -140 |
| Belthangadi | Yellow (Average) | 3100 | 3100 | Unch |
| Bijapur | Achhu | NA | NA | - |
| Gulbarga | Other (Average) | 2692 | 2694 | -2 |
| Mahalingapura | Penti (Average) | 2526 | 2615 | -89 |
| Mandya | Achhu (Medium) | 2417 | 2450 | -33 |
| | Kurikatu (Medium) | 2200 | 2250 | -50 |
| | Other (Medium) | 2267 | 2325 | -58 |
| | Yellow (Medium) | 2417 | 2450 | -33 |
| Shimoga | Achhu (Average) | 2800 | 2700 | 100 |

| Spot Jaggery(Gur) Prices Scenario (Weekly) | | | | | |
|--|--------------------|----------|-----------|-----------|----------|
| Markets | Variety | Today | Week Ago | Month Ago | Year Ago |
| | | 6-Feb-15 | 30-Jan-15 | 6-Jan-15 | 6-Feb-14 |
| Muzaffar Nagar | Chaku | 2313 | 2350 | 2763 | 2813 |
| | Khurpa | 2213 | 2325 | 2438 | 2488 |
| | Laddu | 2400 | 2563 | 2600 | 2663 |
| | Rascut | NA | NA | NA | 2250 |
| Hapur | Chaurasa | 2175 | 2463 | 2363 | 2263 |
| | Balti | 2138 | 2275 | 2350 | 2280 |
| Maharashtra | Latur(Lal Variety) | 2450 | 2450 | 2500 | 2650 |
| BANGALORE | Mudde | 3750 | 3800 | 4250 | 2900 |
| Belgaum | Mudde | NA | 2700 | NA | 2600 |
| Belthangadi | Yellow (Average) | 3100 | 3100 | 3200 | 3000 |
| Bijapur | Achhu | NA | NA | 2510 | 2500 |
| Gulbarga | Other (Average) | 2650 | 2710 | 2600 | 2650 |
| Mahalingapura | Penti (Average) | 2557 | NA | 2610 | 2630 |
| Mandya | Achhu (Medium) | 2400 | 2450 | 2650 | 2500 |
| | Kurikatu (Medium) | 2200 | 2200 | 2300 | 2300 |
| | Other (Medium) | 2250 | 2300 | 2350 | 2300 |
| | Yellow (Medium) | 2400 | 2450 | 2650 | 2500 |
| Shimoga | Achhu (Average) | 2800 | NA | 2850 | 3100 |

Commodity: Sugar
Contract: March
Exchange: NCDEX
Expiry: Mar 20, 2015
SUGAR (March Weekly Chart)

Technical Commentary:

- Sugar prices and volume are falling O.I surges up for the day.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bearishness in the market.

Strategy: Sell

| Weekly Supports & Resistances | | | S2 | S1 | PCP | R1 | R2 |
|-------------------------------|-------|-----|-------------|------------|------|------|------|
| Sugar | NCDEX | Mar | 2534 | 2600 | 2664 | 2810 | 3335 |
| Weekly Trade Call | | | Call | Entry | T1 | T2 | SL |
| Sugar | NCDEX | Mar | Sell | Below 2664 | 2639 | 2630 | 2678 |

International Scenario

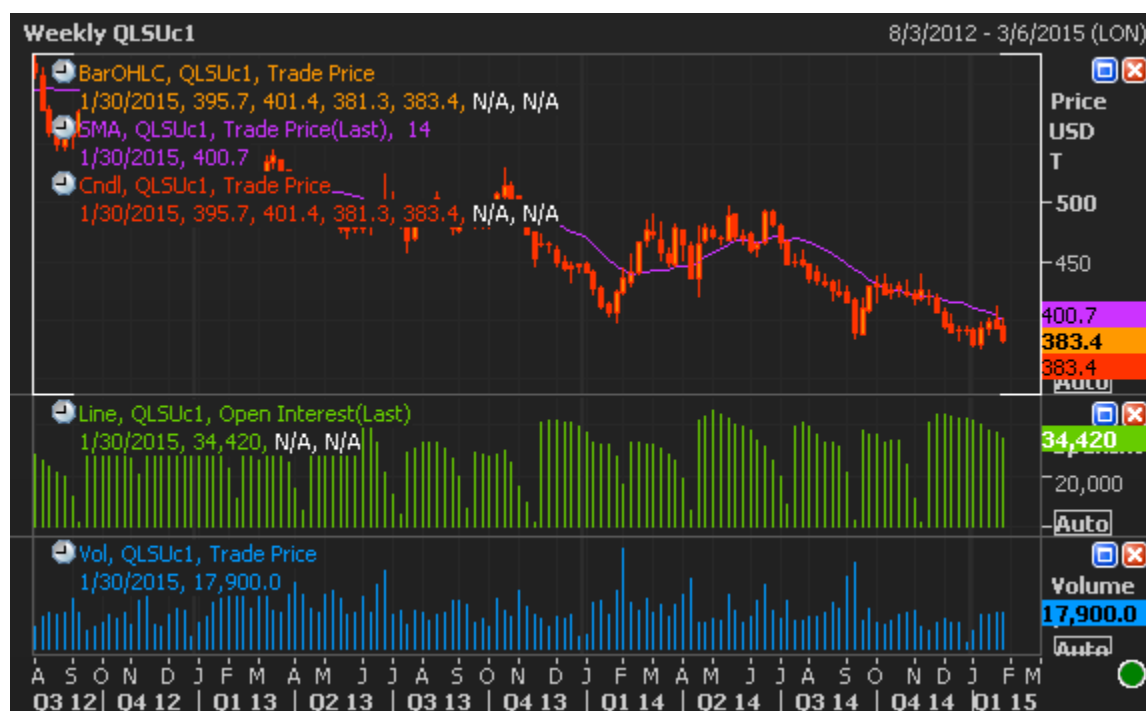
International sugar prices remained subdued amid ample supplies and higher current stock availability worldwide. However, medium term prices looks bullish due to overall sugar deficit globally for 2014-15.

International Market News Highlights:

- The Brazilian govt. announced an increase in ethanol blending with gasoline from 25 per cent at present to 27 per cent. The move is likely to help the devastating sugar industry as more cane could now be diverted towards ethanol production in the country.
- Brazilian centre south region had churned around 28 thousand tons of sugar in the first two weeks of January (2015) which was 76.2% less than the production made in previous two weeks of December. However, an y-o-y comparison shows that the region had produced mere 8 thousand tons of sugar during the same period last year in 2014.
- A positive breakthrough is expected in Brazilian ethanol industry where the govt. announced a fuel tax, called Cide on gasoline and diesel that makes the alternative fuel, ethanol more competitive in comparison. Reportedly, the tax is expected to get enforced with effect from Feb 1, 2015 and could raise the price of gasoline and diesel by 0.22 reais and 0.15 reais per liter respectively. Meanwhile, a wider diversification of domestic cane towards ethanol production could also support the cash starved sugar industry to bloom well.
- The Australian govt. predicted the country's total sugar production at 4.6 million tons for this marketing year 2014-15. However, the production is projected to decline next year in 2015-16 amidst rising prospects of El Nino weather event during the period.
- Brazilian agency, CONAB forecasted central south cane production to 582.9 million tons (2014-15) which is 2.8% less than the previous estimate made by it. Notably, the agency attributed the severe draught weather condition in the country for the estimation cut.
- While, cane association UNICA predicted a production of 567 million tons of sugarcane in Brazil's Central South region for 2014-15; which was 4% higher than its previous estimate of 546 million tons. The up gradation has been primarily made due to an increase in area and productivity in the regions (centre- south Brazil) affected least by the drastic draught.
- On the wake of rising refinery demand, the Indonesian govt. had approved an import quota of 0.6 million tons of raw sugar for the first quarter of 2015-16. The move was largely welcomed by the local refiners and food industry in particular who were affected hard by the supply constraint.

| International Sugar Prices (Weekly) | | | | |
|-------------------------------------|--------|----------|-----------|--------|
| Contract Month | | 5-Feb-15 | 29-Jan-15 | Change |
| ICE Sugar #11 (US Cent/lb) | 15-Mar | 14.41 | 14.85 | -0.44 |
| | 15-May | 14.52 | 15.13 | -0.61 |
| | 15-Jul | 14.79 | 15.43 | -0.64 |
| LIFFE Sugar (US \$/MT) | 15-Mar | 378.5 | 384.6 | -6.10 |
| | 15-May | 383.4 | 395.3 | -11.90 |
| | 15-Aug | 390.9 | 405.5 | -14.60 |

LIFFE Future Market Sugar Scenario (Mar'15 Contract):

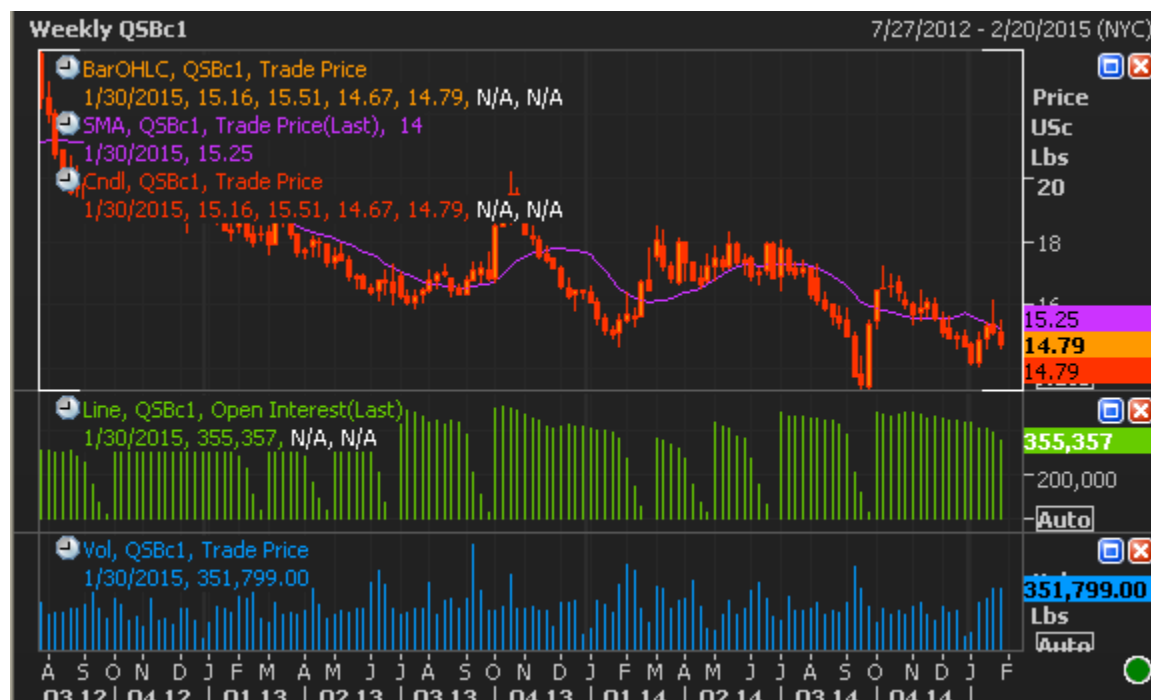


Technical Commentary:

- LIFE future market trends downward for the week.
 - The last candlestick depicts bearishness in the market.
- Strategy: Buy at 385 with a target of 376.5

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| LIFFE Sugar (US \$/MT) | Mar'15 | 385 | 376.5 |

ICE Raw Sugar Future Market Scenario (Mar'15 Contract):



Technical Commentary:

- ICE raw sugar futures are trending downwards.
 - Last candlestick depicts bearishness in the market.
- Strategy: Sell at 14.72 with target of 14.25

| International Sugar Futures Price Projection | | | |
|--|----------------|---------------|------------------------------------|
| | Contract Month | Present Quote | Expected Price level for next week |
| ICE Sugar #11 (US Cent/lb) | Mar'15 | 14.72 | 14.25 |

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