



Andhra Sugars Limited

BUY

April 23, 2007

Current Price : Rs89
Target Price : Rs102
Upside : 15%

52 Week H/L : Rs125/Rs80
Avg. Daily Vol. : 11385
Market Cap. : Rs2.4bn
BSE Code : 590062
NSE Symbol : ANDHRSUGAR

Shareholding pattern

Share holder	Dec 2006
Promoters	54.08%
FI/MF	8.40%
FII	0.06%
Public & Others	37.46%

Company Profile

Andhra Sugars Limited (ASL), incorporated in 1947, is engaged in the manufacture and sale of sugar, organic and inorganic chemicals - mainly caustic soda and non-conventional power generation in Andhra Pradesh. ASL received USFDA and EDQM (European Directorate for Quality Medicines) approvals during FY06; subsequently it has started exporting Aspirin to US and other European Countries. ASL's plants are located at Tanuku, Kovvur, Taduvai, Saggonda, Bhimadole and Ramagiri in Andhra Pradesh.

In FY2006, revenues of the company increased by 18% to Rs5.04bn and net profit increased by 49% to Rs582mn. During 9MFY2007 revenues increased by 24% yoy to Rs4.49bn and net profit increased by 13% to Rs527mn. OPM stood at 25%.

Key Triggers

- **Attractive Valuation:** ASL is currently trading at 3.73x its trailing EPS of Rs23.76. With a book value of Rs.104 and a trailing dividend yield of 8%, the scrip seems to be attractively poised.
- **Increasing stake in Group Company:** ASL has been continuously increasing its stake in Andhra Petrochemicals Limited (APL), which currently stands at 27.22%. Incidentally, APL has made a turnaround from last 02 quarters and has embarked on an aggressive expansion plan.
- **Strong Price Consolidation:** The stock has been consolidating for the last 05 weeks around the current price, which is a strong weekly and monthly support.



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Analyst holding in stock : Nil