



THE DAY TRADING ACADEMY
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October 27th 2014 – Invest For The Longer Term With Amira Nature Foods - By Jeffrey Hagenmeier



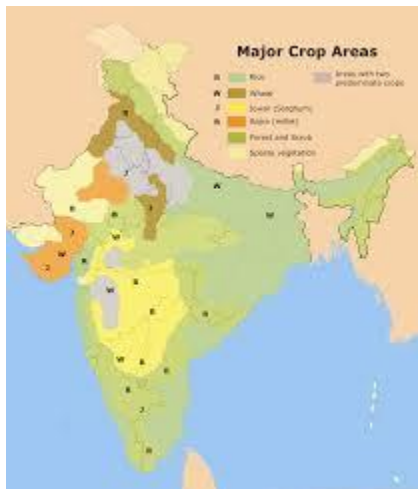
Amira Nature Foods Ltd was founded in 1915 and is based in Dubai which is part of the United Arab Emirates. The company was originally a domestic Indian business that evolved into a global concern, with its premier products of specialty rice and *Basmati*. Today Amira sells a variety of grocery products in more than 40 countries. The company had an IPO (initial public offering) in 2012. The company has developed a strong name brand and lucrative business relationships with a number of leading retailers over the past century. The excellent supply chain allows for dependability of product, as the company continues to grow and innovate.

Basmati rice is used extensively in cooking Indian dishes. This type of rice only grows in India. It is known for its pleasant smell and unique taste. As a high quality of rice, it commands much higher prices than other varieties. Demand for Basmati is rising rapidly, as the middle class of India expands. Sales in India and elsewhere increased 30% during the first business quarter of 2014. Amira at present, is the largest exporter of rice from India.



The stock for Amira closed on Friday, October 24th at **\$15.50 USD** (United States Dollar) after a **\$0.65 increase** which is a **4.38% gain**. The stock opened at \$14.98 and reached a high of \$15.81 after a low of \$14.98. The stock had reached a high of \$16.65 on October 21st and a low of \$14.91 on October 23rd. In the last 3 months the stock has reached a high of \$18.95 on September 08th. The 52 week low for the stock was \$12.16 USD and the high was \$25.00 USD.

The volume traded last Friday was 157,267, with a three month average of 193, 589. Market capitalization stands at \$556.79 million. P/E is \$14.35 and the EPS is \$1.08.



In addition to higher valued rice, Amira Nature Foods sells to retailers value added meals, dairy products, edible oils and ready to eat snacks under its name brand. The company also sells to distributors corn, millet, onions, potatoes, soybean meal and sugar to a number of trading firms in Asia, Europe, the Middle East, North Africa and North America.

A total of 41% of sales for the company were still from India with another 43% coming from Africa, Europe and the Middle East.



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Revenue for the first business quarter of 2014 as reported at the end of August, rose by 26% which equaled a total of nearly \$139 million USD. Volumes and prices are both rising at present, for the company. This permitted earnings to increase from \$0.21 to \$0.26 per share on a quarterly basis. The total for 2014 is expected to be \$1.43 USD per share. Next year it is projected to rise to \$1.75 USD.

The company executives are expecting growth to equal at least 20% in 2015. This is based on the strong presence of the company in some major markets of the world. For example, three out of four of the top retailers in the United Kingdom have Amira rice for sale. Of the 500 million tons of rice grown on an annual basis, only 2 million tons of it is Basmati. However, 20% of total human calorie consumption is attributed to rice.

Given the strong future growth potential of the company an investor might wish to set the **price target** at **\$18.60 USD**. This would be an addition of **\$3.10** or a **20% increase** in the share price. If one is willing to settle for a lower rate of return say **10%**, the **target** should be set at **\$17.05 USD**.

