ANNUAL REPORT ANALYSIS

West Coast Paper Mills

1) Improvement in Efficiency: During the year the company focused on further optimizing utilization and operating parameters at Unit JKPM which led to notable **improvement in EBITDA margins.**

2) Partial Backward Integration: The Company's continued thrust on plantation activity in the vicinity of its Plants continues to bear fruit, with a greater proportion of the requirement being met out of material sourced from shorter distances reducing the overall delivered costs at the mills.
JK Paper stands out as it sources more than 80 per cent of its wood requirements from captive farm forestry. Additionally, adequate water is available at both of its units in Gujarat and Odisha and **it has also achieved self-sufficiency in power.**

3) Environmental Restrictions in China: Environmental restrictions by the Chinese government on imports of low grade recovered paper are expected to keep global pulp prices elevated. **China**, the largest importer of waste paper globally, announced a **ban on certain grades of waste paper** in July 2017, which came into force in January 2018. **The move led to increased demand for pulp, pushing up global pulp prices and consequently global paper prices.**

TAAL Enterprises

1) Industry Structure: The civil aviation industry in India has emerged as one of the fastest growing industries in the country during the last three years. India is currently considered the third largest domestic civil aviation market in the world.

2) Opportunities: Proactive government policies together with growth in the economy should create sufficient business opportunities. **The Civil Aviation policy introduced by government lays emphasis on regional connectivity which is likely to give further impetus to this growth.**

3) Threats and Concerns: Infrastructural challenges and the high cost of operations associated with owning an aircraft (**like high fuel costs, rising airport charges and maintenance of aircraft**) add to the woes of the owners. There is also a threat from those low entry barrier competitors including international players who own mixed fleet of Aircraft which are economical for short haul flights.

Hindustan Unilever

1) Reduction in Tax Rate: Effective 15th November 2017, **GST rates were reduced for some of our categories from 28% to 18%.** While the implementation of this was done, due to the paucity of time, it was **not possible to immediately pass on the benefit of these rate reductions** on some of the pipeline stocks to the end consumers.

2) Growth Moderation: Hindustan Unilever Ltd.'s **volume growth** is expected to drop below 10% **(b/w 6-7.5%)** for the first time in six quarters **(avg. 11% growth)**. The moderation in industry demand growth is visible in rural as well as urban segments. The rural segment has grown at 1.3 times that of urban in the current fiscal so far, which is expected to fall to 1.2 in the fourth quarter.

3) Merger with GlaxoSmithKline Consumer Healthcare: An all-stock deal will give HUL access to Horlicks (being acquired y Unilever and HUL will pay the royalty for its use in India), Boost and Maltova malted drinks brands as well as distribution right for a 5-year-period over over-the-counter and oral brands such as Sensodyne, Eno and Crocin.
The merger values GSK Consumer Healthcare at Rs 31700 Crore and its shareholders get 4.39 shares of HUL for each of their shares.
'The potential deal is win-win for both the parties as the acquisition of strong brands in the health food drinks category would **enhance the margin of HUL's food business by 900 basis points to 27% from current 18% of sales with sustainable profitable growth.**" said Kaustubh Pawaskar, research analyst at BNP Paribas.

Suyog Telematics

1) Public Offering: Suyog Telematics came out with its public issue in December 2018. The issue proceeds are proposed to be used for **installation of 10 new rooftops poles, installation of 100 new ground-based poles, and upgradation and replacement of existing tower and poles.**

2) Consistent Performance: In FY 2017-18/ was one of the toughest years for Indian Telecom Industry in which we have seen an exit of almost 4 telecommunication operators. But even in such a difficult condition, we have not only sustained but have also grown our Revenues by 39.76%.

SP Apparels

1) Higher ROE and Lower D/E: Over the last twelve months **S.P. Apparels has recorded an ROE of 13%** which is much higher than the **average (8.1%) in the Luxury industry**. One way to conceptualize this is that for each ₹1 of shareholders' equity it has, the company made ₹0.13 in profit.
Although S.P. Apparels does use debt, its **debt to equity ratio of 0.43 is still low. Careful use of debt to boost returns is often very good for shareholders.** However, it could reduce the company's ability to take advantage of future opportunities.

2) Focus solely on Exports and brands in India: SP Apparels is engaged in the business of manufacturing and sale of knitted clothes for infants and children (through its garments division), catering solely to the exports markets. The company's retail segment exclusively manufactures and sells '**Crocodile**' **branded menswear garments in India** through Crocodile Products (CPPL).

3) Increasing utilisation: The **average utilisation rate** of SPAL's existing **4050 sewing machines in Q2FY18 has been 78 per cent**. As the utilisation scales up in due course, **10-15 per cent growth in revenue is achievable without any CapEx**. The commercialisation of 350 new sewing machines by FY19 will boost SPAL's growth prospects as well.

4) Asset-light Model's expansion: To facilitate asset-light expansion, SPAL's network augmentation will be mainly undertaken through franchise stores. Most of the company-operated outlets will be gradually converted to the franchise-run format. **By FY19 end, the company targets to build its presence in large format stores from 172 to 300.**

Polyplex Corporation Ltd.

1) Global Operations: Polyplex has manufacturing and distribution operations in seven countries (India, Thailand, Turkey, USA, Indonesia, China and the Netherlands), along with additional warehouses in Poland, Spain, Germany, Italy and Mexico. **A new greenfield project is currently under implementation in Indonesia which is expected to commence commercial operation in H1 FY 2019-20.**

2) Industrial Scenario: The PET film industry has seen various structural changes over the years with Asia now dominating production and consumption (68%). Film producers from Asia (mostly headquartered in India) have become major global players.
The largest application of thin PET films is **flexible packaging, which accounts for 72% of the total thin film used** which has resulted in its **demand growing by 7-8%.**

3) Demand Drivers: An increase in purchasing power in developing countries has been accompanied by a rise in per capita packaging material consumption. T**he key demand growth drivers in these regions comprise an increase in organized sector share in retailing, increasing consumerism, population growth and lifestyle changes arising out of higher disposable incomes, need for brand differentiation, continuous product innovation, health awareness, favourable demographics and a need for convenient packaging. However, when compared with mature markets, per capita packaging material consumption in developing countries is still low.**

4) Increasing Efficiency: Operating Margin or EBITDA Margin has been increasing for the last 5 years, and is expected to go up. This shows that the company is able to retain more of its revenue Y-o-Y, which is a sign of operational excellence.

JK Paper Ltd.
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3) Demand-Supply dynamics: India's paper sector has grown to 17.1 million tonnes in FY18 from 9.3 MT in FY08, a compounded annual growth rate (CAGR) of 6.3 per cent. **Paper demand is likely to remain buoyant due to increased demand from the FMCG and packaged food segment as well as rapidly growing e-commerce (the likes of Amazon and Flipkart).**

4) Environmental Restrictions in China: Environmental restrictions by the Chinese government on imports of low grade recovered paper are expected to keep global pulp prices elevated. **China**, the largest importer of waste paper globally, announced a **ban on certain grades of waste paper** in July 2017, which came into force in January 2018. **The move led to increased demand for pulp, pushing up global pulp prices and consequently global paper prices.**

Escorts Limited

1) Growth Drivers in Agriculture (related to Tractors segment):
i) Government support: Policies are in place to sustainably improve soil fertility through the Soil Health Card Scheme; to support organic farming through **Paramparagat Krishi Vikas Yojana (PKVY)**; to boost farmer income with the creation of a unified national agriculture market; and to mitigate agricultural risk with crop insurance availed under the **Pradhan Mantri Fasal Bima Yojana (PMFBY).**

ii) Robust demand: A large population is the principal demand driver for agricultural products. Increasing urban and rural incomes have also facilitated demand growth.

iii) Wider modernization: Improving demand for agricultural inputs as well as storage capacity for agricultural produce facilitate sectoral demand. Rapid mechanization in agriculture, combined with upgradation of irrigation facilities through major, medium and minor irrigation projects, is key as well.

2) The country's tractor industry accounts for almost one-third of the global pie. **The domestic tractor industry grew by 22.2%, in volume terms, to 7.09 lakh units in FY 2017-18, vis-à-vis 5.80 lakh units in FY 2016-17.** The sector is projected to produce 12-15 lakh units by 2030 [Source: India Brand Equity Foundation]. **The domestic tractor market is expected to rise by 8-10% CAGR in the next decade.**

3) Market Share: Escorts have a market share of **10-11%**. So far, Escorts has been growing at **double** the pace the industry (tractors) has grown for the third year in succession.

NMDC Ltd.

A) Completed Projects
1) Crushing Plant & Downhill Conveyor – Kumaraswamy Iron Ore Mine
2) 1.2 MTPA Pellet Plant – Donimalai

B) Ongoing Projects
1) Doubling of KK line between Kirandul to Jagdalpur (150.5 km)
2) Doubling of KK line between Jagdalpur to Ambagaon (25 km)
3) Screening Plant III – Kirandul Complex
4) Additional Screening Line & up gradation of existing conveyors (at Kirandul & Bacheli)

C) Projects in pipeline
1) Screening Plant II – Donimalai Complex
2) 15 MTPA Slurry Pipeline – Bailadila to Nagarnar
1) Threats:

i) Backward integration by Steelmakers into iron ore mining through auction route will **significantly shrink the market share** of the Company.

ii) Indian iron ore industry will continue to be uncompetitive on a global level due to higher rates of royalty and other levies such as DMF, NMET, Export duty etc. as well as significantly higher logistic costs

iii) Huge surplus steel capacity in most regions including China will continue to exert downward pressure on steel prices and thereby iron ore prices.

RDB Rasayans
1) Indian Plastic Industry's Analysis: The size of the industry in India is about **USD 32 billion**, which constitutes only **4 per cent of the global packaging industry**. In the coming years, it is expected to grow at **18 per cent per annum**. The overall packaging industry in India has huge growth potential and is expected to reach **USD 73 billion in the year 2020**.

2) Growth Drivers: The industry is driven by key factors like rising population, increase in income levels and changing lifestyles. The plastics and polymer consumption is growing at an average rate of 10 per cent.
The flexible intermediate bulk container (FIBC) market will grow steadily during the next four years and in terms of units, will post a CAGR of more than 6% by 2021. It has been observed that the growth of the industries including food and horticulture due to the increasing production and trade of horticulture products and chemicals have boosted the demand for flexible bulk packaging.

3) Weakness and Threats: There is a shortage of trained manpower and being a labour intensive industry it has the potential to affect production.
The prices of polypropylene and polyethylene are fluctuating. This can adversely affect the growth of the bulk container packaging industry as these two products are used in the manufacture of bulk container packaging.
The Company operates in Polymer-based industry which is highly regulated and therefore any adverse regulation may affect our growth.

United Breweries Limited

1) Risks: The ban on the sale of liquor on highways, lagging effects of demonetization, as well as increases in excise duties and changes in the route-to-market by certain States were several impediments against growth. Further, implementation of Goods and Services Tax (GST) effective July 01, 2017 contributed to increased input costs.

2) Industrial Analysis: Over the last five years, on average, the beer industry recorded a steady growth of about 7% in volume terms. The per capita consumption of beer in India has increased by about 30% during that period. Given the favourable demographics in India, higher disposable income and affordability, changing cultural attitudes and a young, increasingly affluent population, consumption of beer is set to continue the steady growth pattern going forward. According to research by CISION, the Indian beer market is projected to grow at a CAGR over 7.6% during the period 2018-2024 driven by these factors.

Shri Jagdamba Polymers:

1) Global Technical Textile Industry has witnessed remarkable growth in the past few years and demand for technical textiles is expected to stay steady during the period 2018 - 2020, due to a broadening application in end-use industries. The industry is expected to grow at 12% per annum to reach $ 23 billion from the present $ 18.6 billion. India comprises of 4% of global technical exports.

2) The risk involved in this industry is, while the demand for the polymers continues to be strong however the polymers are petrochemical products. The fluctuation in crude prices may increase the cost of polymer production. The total sales and other income during the year have been ₹ 17952.05 Lakhs (P.Y ₹ 14770.55 Lakhs) showing a growth of 21.54% in the year under consideration. The company's profit for the year before depreciation, Interest and Taxes has been ₹2903.77 Lakhs(P.Y ₹ 1797 Lakhs). The PAT is ₹ 1647.20 Lakhs (P.Y ₹570.48 Lakhs) showing an increase of 288.23% in the year under consideration. The working of the Company improved in F.Y. 2017-18 on all fronts and we are hopeful for better results for F.Y. 2018-2019.

L&T Infotech Ltd:

1) Global IT-BPM industry grew by 4.3% and the IT-BPM market excluding hardware stood at USD 1.3 trillion in CY17. Indian IT-BPM industry revenues including hardware stood at USD 167 billion in FY18. The industry added ~USD 12 billion in incremental revenues last year, representing year-on-year growth of ~8% in USD terms. IT-BPM export revenues for the industry for FY18 are expected to reach USD 126 billion, growth of 7.7% over the past year. Domestic IT-BPM revenues are estimated at USD 26 billion, a growth of 8% from USD 24 billion in FY17. IT-BPM export revenues are expected to grow by 7-9% in FY19 and the domestic market is likely to grow by 10-12% next year.

2) The Company has put a relentless focus on digital, analytics, automation, IoT and cloud technologies through its proprietary MOSAICTM platform is helping it differentiate in the marketplace. In FY2018, the Company acquired Luxembourg based Syncordis S.A., a leading core banking implementation services provider, along with its identified subsidiaries in France, UK, Luxembourg and India. This acquisition is poised to aid in growing LTI's presence in Europe by deepening capabilities in the Banking and Financial services sector.

PIX Transmission

1) This company has established in Nagpur, Maharastra in 1981. Mr Amarpal Sethi (68-year-old) is the Chairman and Managing director of the company. He has 11.06% of the total outstanding share of company. As mentioned in the companies annual report the company's policies are very employee friendly. They reduce the chance of any internal company problems. In the financial year, the 2017-18 company did not undertake any new foreign Investment or Collaboration.
2) In the financial year, the 2017-18 company has adopted cutting edge technology which improves the quality of the product of the company which may increase the demand for the product in the market. The Company has in a place a vigil mechanism pursuant to which a Whistle Blower policy has been. Increase transparency in the company.
The company has taken steps to using an alternate source of energy which is a good step taken by company. It may increase one time expense but provide the long term benefits.
Over all I say company is good for long term Investment.