LINC

15th November, 2021

The Listing Department, The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata - 700001	The Manager The Department of Corporate Services, BSE Limited, P. J. Towers, Dalal Street, Mumbai - 400001	The Manager, The Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400051

Dear Sir,

Sub: Quarterly Update — Q2 of FY 2021-22

Please find enclosed herewith the quarterly update for Q2 of FY 2021-22.

Thanking You,

Yours faithfully,

For LINC PEN & PLASTICS LTD.

N. K. Dujari
Chief Financial Officer &
Company Secretary

LINC

Linc Pen and Plastics Ltd.

Performance review for investors

July to September, FY 2021-22

An introduction to our company

Linc is one of the three largest writing instrument manufacturers in India

Linc's brand is recalled for 'pioneering' and 'consistently high quality'

Linc benefits from a sales presence in over 50 countries

Big numbers of our performance in Q2, FY 2021-22

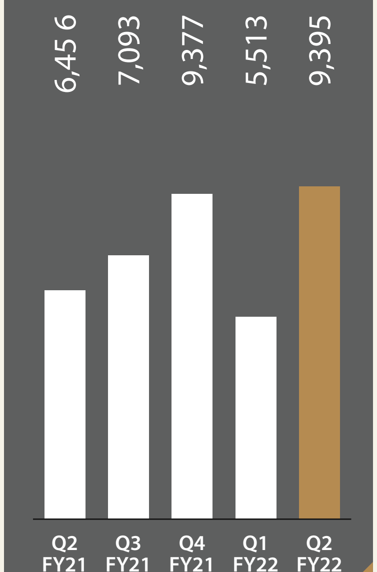
9,395
Revenue from operations (in Rs. lakh)

358
Profit after tax (in Rs. lakh)

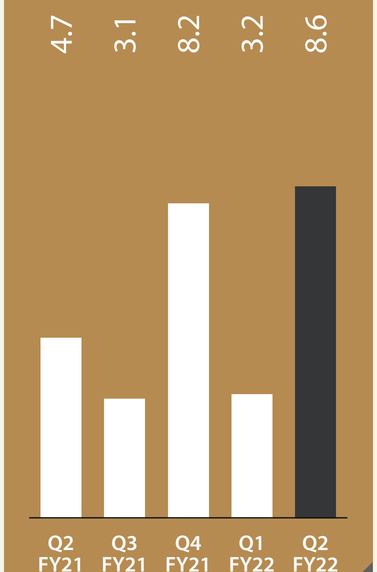
8.6
EBITDA margin (%)

Quarterly update

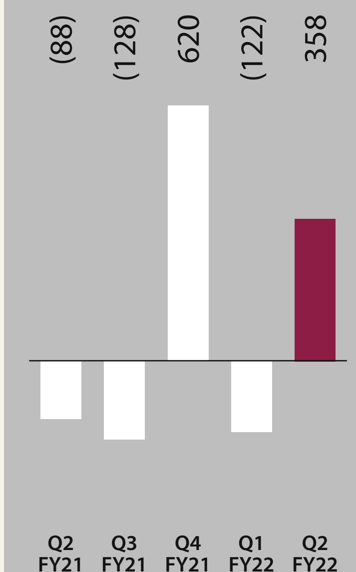
Revenues
(in Rs. lakh)



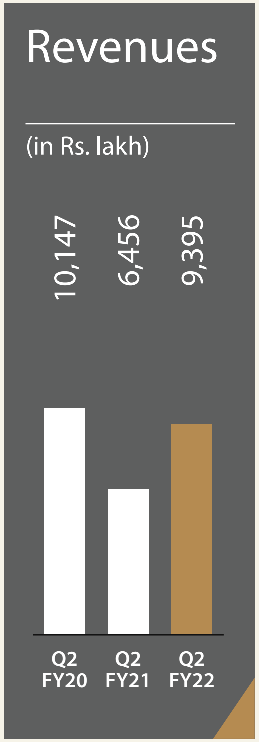
EBITDA margin
(%)

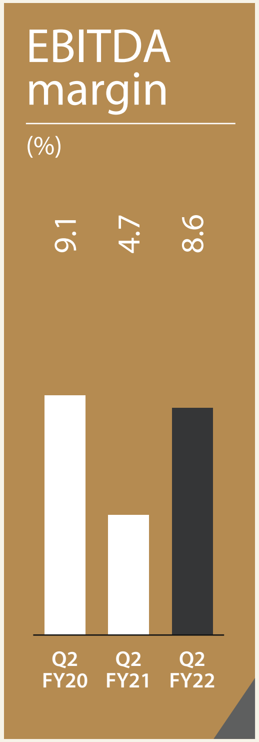


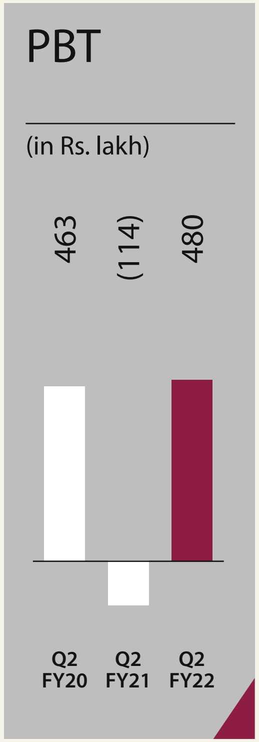
PAT
(in Rs. lakh)

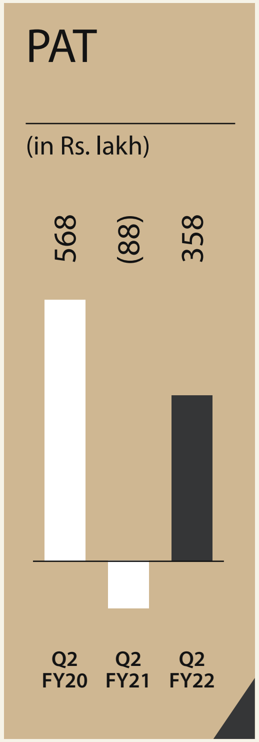


Performance trend over the last few years









The big picture: Performance review, Q2, FY 2021-22

Highest pre-tax profit in six quarters

Marginally lower revenues than the pre-COVID quarter (Q2 FY 2019-20) but higher PBT

Improvement achieved despite educational institutions still remaining closed

Outperformance in the face of odds

The big numbers

93

Revenues in Q2 FY 22 as a % of what had been achieved pre-Covid

63

PAT in Q2 FY 22 as a % of what had been achieved pre-Covid

Bottomline: Quality revenues + Rising profitability

The nuts and bolts of our performance in Q2, FY 2021-22

- Revenues were 93% of pre-Covid revenues (Q2 FY 2019-20).
- Revenues grew 71% QoQ and 46% YoY.
- Revenue rebound was despite the closure of schools, colleges and other educational institutions.
- Profit before tax was Rs. 480 lakh, surpassing the pre-Covid level of Rs. 463 lakh in Q2 FY 2019-20.
- Cash profit was Rs. 790 lakh, a YoY growth of 276%.
- The improved product mix included non-stationery items.

How we strengthened our business in Q2, FY 2021-22

- We moderated **operational costs**, countering to some extent an increase in raw material prices.
- We focused on marketing **value-added products**, strengthening the product mix.
- Pentonic accounted for 40% of revenues.
- **Finance cost** declined from Rs. 93 lakh in Q2 FY 2020-21 to Rs. 15 lakh.

Highlights of our domestic performance in Q2, FY 2021-22

- Domestic revenues of the Company increased from Rs. 4,912 lakh in Q2 FY 2020-21 to Rs. 7,647 lakh in Q2 FY 2021-22.
- The Company continued to widen its distribution network during the quarter under review. The number of retail outlets serviced as on 30th September, 2021 was 1.51 lakh as compared to 1.45 lakh as on 30th June, 2021.
- Consumer sentiment improved on account of schools and colleges opening towards the end of the calendar year.
- The Company's Rs. 10+ portfolio accounted for 54% of the revenues (pre-Covid 52%).

Highlights of our export performance in Q2, FY 2021-22

Exports accounted for 18.6% of our revenues during the quarter.

Exports of the Company grew by 13.2% YoY and 40.7% QoQ.

Managing Director Deepak Jalan's overview

Despite the pandemic continuing to be a threat to the stationery and writing instruments industry, Linc grew revenues to near pre-Covid levels.

The creditable factor was that the Company posted a profit before tax above the pre-Covid level despite a sharp increase in raw material (plastic granules and ball pen ink) prices.

Linc moved product stocking of from stationery shops to general stores, widening distribution coverage and the possibility of impulse purchase.

The Company's inventories and debtors witnessed a decline of Rs. 880 lakh and Rs. 400 lakh respectively.

Borrowings of the Company declined by Rs. 500 lakh during the quarter under review.

The Company continued to focus on increasing the proportion of value-added products.

Outlook

- With the Indian economy posting a YoY GDP growth of 20.1% in Q1 of FY 2021-22, the Company is optimistic of sustaining its growth.
- Schools, colleges and other educational institutions are likely to reopen in mid-November 2021, strengthening prospects for the stationery and writing instruments industry in India.
- The Company has set a target of surpassing pre-Covid levels (bottomline and topline) in the third quarter.
- The Company will continue to moderate liabilities with the objective to keep debt at lower levels for FY2021-22.

Conclusion

The Company has competently addressed an increase in raw material costs and closure of educational institutions through a better **product mix** and expansion in **retail touch points** (general stores in addition to stationery shops). This has helped strengthen the Company's business model, translating into **enhanced profitability**.