LINC

29th May, 2019

The Listing Department,
The Calcutta Stock Exchange Ltd.
7, Lyons Range
Kolkata – 700 001

Dear Sir,

Re : Press Release

Please find enclosed herewith the Press Release relating to the Financial Results for the quarter / year ended 31st March, 2019.

Thanking You,

Yours faithfully,

For LINC PEN & PLASTICS LTD.

N. K. DUJARI
Chief Financial Officer &
Company Secretary

Encl: as above

CC: 1. The Executive Director
The Stock Exchange, Mumbai

Stock Code - 531241

2. The Manager,
Listing Department,
National Stock Exchange of India Ltd.

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Press Release

Salient Points on Financial Results for Quarter / Year Ended 31.03.19

		Q4 - 18-19	Q4 - 17-18	Increase / (Decrease)
Total Revenue (Net)	₹ In Lacs	10,623	10,335	2.8%
Exports	₹ In Lacs	3,033	3,136	(3.3%)
Profit After Tax (PAT)	₹ in Lacs	64	312	(79.5%)
PAT (as % of Revenue)	In %	0.6%	3.0%	(240 bps)
EBITDA (in %)	In %	7.6%	8.7%	(110 bps)

		FY-18-19	FY-17-18	Increase / (Decrease)
Total Revenue (Net)	₹ In Lacs	36,694	33,189	(10.6%)
Exports	₹ In Lacs	8,848	7,971	(11.0%)
Profit After Tax (PAT)	₹ In Lacs	545	784	(30.5%)
PAT (as % of Revenue)	In %	1.5%	2.4%	(90 bps)
EBITDA (in %)	In %	7.6%	8.1%	(50 bps)
Inventory & Debtors	₹ In Lacs	11,353	12,474	(9.0%)
	Days of sale	113	137	

The revenue of the company in the March 2019 quarter was Rs. 10,623 lakhs as against Rs. 10,335 lakhs in the year ago period, a marginal increase of 2.8%. The total revenue for FY 19 was Rs. 36,694 lakhs as against Rs. 33,189 lakhs, an increase of 10.6%.

Net profit for the March 2019 quarter declined to Rs. 64 lakh from Rs. 312 lakh in the year ago period, which was mainly due to Income tax liability of Rs. 206 lakh of earlier years & significant inventory correction, resulting into reduction of Rs. 868 lakhs of inventory in the closing stock, which stood at Rs. 7,020 lakh as against Rs. 7,888 lakhs in the previous year. At least 20 low margin & low volume products were discontinued in the quarter as product consolidation initiative. Consequently, working capital borrowing during the quarter was reduced by Rs. 1,035 lakh.

As a result, net profit for FY 19 stood at Rs. 545 lakh as against Rs. 784 lakhs in the previous year.

The writing instruments industry has been sharply hit by the unprecedented increase in the polymer prices since last few quarters, which is it's key raw-material. Steep price increase of various polymers severally impacted the gross margins of the company as well as the industry overall, stated Deepak Jalan, the managing Director of Linc pen.

He explained the difficulty in passing on the entire cost increase to the trade due to price war in the lower price segment which contributes more than 50% of Linc's volume. However, for quite sometime, they have been trying to develop value added products which would help the company insulate its margins from the polymer price volatility and secure the future top line as well as bottom line of the company and he was glad to inform that they were able to see a positive sign in this direction. The contribution of value added products, in the general trade channel, increased to 32% in terms of volume and to 46% in terms of value as against the levels of 18% & 32% respectively in the last financial year.

Feedback of recently launched 'pentonic' ball ben, which is a MRP 10 product, has been very encouraging and as such further capacity is being built for the said product to meet the increasing demand. Few more value added products are being launched between June & July, which should help Linc achieve the objective of sustained performance despite raw-material price volatility.

Going forward, Linc hopes to post more consistent results, in view of improved product mix, consolidation of products, cost reduction initiatives, higher exports & favourable foreign exchange, despite the challenges of increase in the input costs.

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