

MD's Statement

My colleagues on the Board, Dear Shareholders, Ladies & Gentlemen

It gives me immense pleasure to welcome you all at this Meeting.

Financial Results

The Annual Report for FY15 gives a comprehensive financial picture of last year's results. Although revenue remained almost flat, PAT grew by 24.4%, and touched Rs.14.32 crores as compared to Rs.11.51 crores in the previous year. EBITDA margin improved by about 100 bps while ROE improved by 170 bps. The improvement was primarily due to strategic focus of the Company on profitability during last few quarters. The better performance enabled the directors to propose a higher equity dividend of Rs 2.50 per share versus Rs 2 paid last year.

In domestic market, we rationalized our product mix with the help of progressive movement towards value added products. In line with this strategy – we introduced innovative products like – Linc Twinn, which was first in the “smart pen series” (comprise of affordable product with smart features), being developed by your Company. The second in the series – Linc Touch – Pen with Stylus is being launched in the month of September, 2015.

The Company spent 6.62 Crs (2.2% of revenues) on branding in FY15 as compared to 3.15 Crs in the previous year. We expect the brand spending to be in the similar range going forward.

As far as exports are concerned, FY15 has been a challenging year. The Indian and Global economy had shown subdued growth during major part of FY15. Our selling efforts to new customers were offset by the adverse market conditions which were

experienced globally due to political disturbances, war and currency devaluation. Our export sales for FY15 were Rs.87crs vis-à-vis Rs.91 Crs in FY14, which was a reflection of the effect of global turmoil.

On the positive side, the overseas market has shown inclination for enhanced business potential and the demand for expensive pens from our product basket has increased. In spite of the global crisis, we have found new boundaries to work on, introduced new products and are hopeful of improving our growth rate in the forthcoming years.

In the current year, we are adopting strategies to achieve sustainable growth while improving margins. With the subsequent recovery in export sales in Q1 of FY16, we hope that all the remaining quarters in the present financial year will also improve over last year. We are focusing on consolidation of the existing markets as well giving considerable efforts in opening new markets in Africa and South America. I am certain that we will bounce back strongly in the coming years.

Q1 of Current Year 15-16

The Company revenues grew by about 8.5% to 79.19 Crs in Q1 of FY16, whereas PAT registered a growth of 13.6% and was at 3.74 Crs. We hope to build up on this trend in remaining 3 quarters of the current year and should be able to achieve a minimum revenue of 350crs for FY16. The EBITDA and PAT for FY16 is also expected to show similar growth trend as achieved in FY15.

Expansion

Currently, the Company is facing constraints with respect to the production infrastructure. There is an urgent requirement to increase capacity to improve upon delivery lead time and also to be equipped and geared-up for the strong growth expectation from certain

markets. Since further scaling-up is not feasible in our existing units at Falta SEZ and Serakole, the Company is contemplating a unit at a new location. The detailed plans are being worked out for increase in capacity by about 25%. The funding requirement for this expansion plan will be met through internal accruals for the time being.

NSE Listing

In line with the suggestion of members at the last AGM, the Company shares were listed and admitted for dealing on NSE with effect from 9th March, 2015.

SPELLINC

SPELLINC is expanding its wings in its reach and popularity year on year. This year we are targeting 1600 schools with participation of 9 Lac student vis-à-vis 7.25 Lac students last year.

Other CSR Activities

Our Company will continue its engagement in several other CSR activities and will maintain a spending of about 2% of average profits on them.

I will conclude with my customary thanks to all our stakeholders - shareholders, employees, directors, channel partners, distributors, vendors and business associates. Your active participation, confidence and support to Linc Pen is imperative for our continuing progress.

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