



30th August, 2016

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

Dear Sir,

Re : MD's Speech at 22nd Annual General Meeting

Please find enclosed herewith the Speech delivered by Managing Director at the 22nd Annual General Meeting held on 29th August, 2016.

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

Stock Code - 531241

MD's Statement

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

I am pleased to welcome you all at this Meeting.

Financial Results

The Company's Annual Report provides a comprehensive view of last year's performance. During FY16, the revenues increased by 8.5% to Rs.344 Crs, little short of our target of 350crs. PAT grew by about 28%. EBITDA margin improved by about 110 bps, while ROE improved by 180 bps. The better performance enabled the directors to propose a higher equity dividend of Rs 3 per share versus Rs 2.50 paid last year, maintaining the payout ratio of about 30%.

In domestic market, the off-take of products with MRP 10/- and above could not scale to the levels we had expected. We are trying to correct this anomaly in the current year with the help of accelerated launches. Linc Combi, a unique pen with a highlighter is being launched at an affordable price of Rs.10/-. This is 3rd in "smart pen series" (comprising of affordable pen with a smart feature), developed by your company. Linc Twinn (pen with pencil) and Linc Touch (pen with Stylus) were the other two in the series.

The Company spent 8.12 Crs (2.4% of revenues) on branding in FY16 as compared to 6.62 Crs in the previous year. We will continue to spend judiciously to further improve the brand recall.

In the export market, the environment remains tough. We had stern challenges due to currency devaluation in our Major markets of Africa, CIS and South East Asia. This had a profound impact on us. Further there were markets where we have not progressed as

quickly as we should have. Hence we were little short of our key task of achieving Rs. 100 crores sales in exports and ended the year with exports of Rs.97 crores.

We continued to remain focused on Linc brand exports and I am happy to state that over 95% exports were in our own brand.

Though exports have been a tough and challenging environment for the last few years. But with estimated size of Rs.62,000 crs for global writing instrument industry, we still have a long way to go.

I am quite positive that Exports will reach new heights and we have undertaken a target to have 50% our turnover from Exports in the next few years. We are in action to meet these challenges. Continuous Introduction of new products and offering Innovative products along with improved delivery will be our focus.

Q1 of Current Year 16-17

The Company revenues grew by about 9.8% to 86.98 Crs in Q1 of FY17, whereas PAT registered a growth of 17.4% and was at 4.39 Crs. The export could sustain a growth momentum of more than 25% for two successive quarters. EBITDA % improved by 150 bps to 9.6%. We hope to build upon this trend, in the remaining quarters of the current year, enabling us to achieve our revenue target of 400crs for FY17 alongwith a minimum EBITDA of 10%. This will facilitate further improvement in the company's profitability ratios like ROCE, ROE etc

Expansion

The Company's plan for putting-up a new production facility at Umbergaon, Gujarat, is progressing as per schedule. In the first phase it will involve an investment of Rs.26crs for

creating a capacity to produce 1.25 crs pens per month. The funding requirement for this investment is being met through internal accrual and borrowing. We expect to start the commercial production within 1st qtr of next year. This will help us in improving the delivery schedule for our export customers. The production capacity of this facility can be doubled in a phased manner at a further investment of about Rs.25 Crs over next 3 to 4 years.

CSE Delisting

The Company had already submitted an application for delisting of shares from Calcutta Stock Exchange. The process of delisting is expected to be over soon.

CSR Activities

Our Company is getting itself engaged in several CSR activities and will like to spend 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. We have tried to incorporate the suggestions of the members regarding the Annual Report to the extent feasible. Your active participation, confidence and support to Linc Pen is imperative for our continuing progress.

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