



2nd September, 2017

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

Dear Sir,

Re : MD's Speech at 23rd Annual General Meeting

Please find enclosed herewith the Speech delivered by Managing Director at the 23rd Annual General Meeting held on 1st September, 2017.

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.

MD's Statement

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

I extend a warm welcome to all of you at this 23rd Annual General Meeting of your company.

Writing Instrument Industry

Despite digitization and the influx of electronic communication devices, writing instruments have immense utility and use on a daily basis. They find a place in homes, offices, businesses and classrooms around the world. From education to employment and beyond, writing instrument touches every stage of life.

The writing instrument market is experiencing growth driven by rising young population, need for education, growing number of primary & secondary educational institutions, and ever increasing student enrolments across the world.

Education sector accounts for most of our consumer purchases. Besides, the widespread acceptance of pens as an ideal promotional vehicle and corporate gift among businesses and commercial establishments, is additionally lending traction to growth. The market continues to benefit from the launch of new pens with an array of improved features such as better ergonomic design and more writing comfort.

Financial Results

As mentioned, in the Company's Annual Report - Linc Pen recorded a top line growth of about 5%, which was well below our growth guidance, in view of abnormal market challenges faced by the Company both in Domestic and Export fronts.

PAT was down by about 6% at Rs.17.17 Crs., although EBITDA margin improved marginally by 30 bps. The Board of Directors have proposed equity dividend of Rs 3 per, same as last year, maintaining the payout ratio around 30%.

Domestic Market

In the Domestic market in first few months of the FY18 new challenges have emerged in view of GST implementation. The Company is responding to these challenges and we hope that market conditions will be back to normal by end of September.

Going ahead, the complex setting of GST implementation and the tighter regulatory norms, is likely to provide a level-playing field not only amongst organized players but also between organized and unorganised players.

The focused nine brand strategy – Navratna, adopted by the Company by channelising resources and marketing activities around these core Brands, is expected to give an impetus to our domestic business, once hangover of GST implementation is over.

Export Market

In FY17 exports growth at about 8%, was well below our expectation, but we did achieve a milestone of 100crs. of exports for the first time. Our company confronted multidimensional challenges in certain export markets - like depreciation of local currency, the rise in protectionism, internal strife and /or war etc.

We are trying to overcome these challenges with change in our sales strategies, infrastructural improvements, diversification of product portfolio, expansion of market etc. Our team is also working hard with agility to provide effective product and pricing solutions to our partners in the countries of export.

North America represents the largest market worldwide for writing instruments. We have recently opened new accounts in North America. We expect it to be a game changer for us in

next 2-3 years. We also remain focused on South East Asia, Middle East and African markets, which are expected to be future growth drivers for the global writing instrument industry.

Exports will continue to make a significant contribution to our overall sales turnover and we expect that steps taken by us will ensure an exponential growth in exports in years to come.

Expansion

The commercial production started at Company's new production facility at Umbergaon, Gujarat, from 15th July, 2017. The whole ramp-up is expected from the 2nd half of the year. This new production facility is helping us reduce our logistic cost and lead time. This will improve the replenishment to our export customers in Middle East and Africa and enable us to accelerate the export growth. In the Domestic front also, similar benefit is expected for markets in Western India.

CSR Activities

Our Company is getting itself engaged in several CSR activities and will like to take the spending at about 2% of average profits.

I express my appreciation to the Board of Directors for their guiding role. My sincere thanks to all our channel partners, distributors, vendors and employees for their enthusiasm and dedicated contribution to the Company's performance. We truly value the continued patronage of our esteemed customers. And last but not the least, my fellow directors join me in thanking you once again, our loyal shareholders for your continued confidence and support. Your active participation, confidence and support to Linc Pen is imperative for our continuing progress.

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