

## BOARD OF DIRECTORS

*Category*

Sohan Lal Kochar  
Prahlad Rai Agarwala  
Naresh Pachisia  
Kedar Nath Ranasaria  
Prakash Jalan  
Deepak Jalan

*Independent, Non-executive*  
*Independent, Non-executive*  
*Independent, Non-executive*  
*Independent, Non-executive*  
*Whole Time Director*  
*Managing Director*

### COMPANY SECRETARY

N. K. Dujari

### REGISTERED OFFICE

Satyam Towers,  
3, Alipore Road,  
Kolkata - 700 027  
Phone : (033) 2479 0248/49/50  
Fax : (033) 2479 0253  
e-mail : investors@lincpen.com  
website : www.lincpen.com

### WORKS

- Linc Estate  
Usthi Road, Serakole,  
24 Pgns. (S), Pin - 743 513  
West Bengal  
Phone : (033) 2420 4275/76  
Fax : (033) 2420 4441  
e-mail : works@lincpen.com
- 88, Pilerne Industrial Estate,  
Pilerne Bardez,  
Goa - 403 511  
Phone : (0832) 240 7226/27  
e-mail : pilerne@lincpen.com

### BANKERS

State Bank of India  
IDBI Bank Ltd.

### BRANCH OFFICES

#### Goa Branch

New Horizon, Suite A2/2,  
D.B. Marg, Miramar  
Panaji - 403 001, Goa  
Phone : (0832) 246 5418/5644  
Fax : (0832) 246 5747  
e-mail : lincgoa@lincpen.com

#### Mumbai Branch

32F, Laxmi Industrial Estate,  
New Link Road, Andheri (West)  
Mumbai - 400 053  
Phone : (022) 5692 4255/4375  
Fax : (022) 5694 2963  
e-mail : lincmumbai@lincpen.com















#### Delhi Branch

A-51, Gujranwala Town,  
New Delhi - 110 009  
Phone : (011) 2745 6044  
Fax : (011) 2745 6058  
e-mail : lincdelhi@lincpen.com

### AUDITORS

G. P. Agrawal & Co.  
Chartered Accountants  
7A, Kiran Shankar Ray Road,  
Kolkata-700 001

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# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Ninth Annual Report together with the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2003.

## FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	31.03.2003	31.03.2002
Sales & Other Operational Income	6330.20	5903.08
Other Income	22.52	17.99
Profit before Depreciation, Interest and Taxation	532.25	543.38
Interest	123.16	172.26
Depreciation	153.68	144.64
Profit before Tax	255.41	226.48
Provision for Taxation - Current	33.00	30.00
- Deferred	4.81	15.64
Profit after Tax	217.60	180.84
Add: Credit Balance of the previous year	548.64	480.05
Income Tax for earlier years	3.51	-
Deferred Tax Liability (Net) of Earlier Years	-	57.25
Amount available for Appropriation	762.73	603.64
Transfer to General Reserve	360.00	15.00
Proposed Dividend	48.00	40.00
Corporate Tax on Dividend	6.15	-
Balance carried to Balance Sheet	348.58	548.64

## DIVIDEND

Your Directors recommend a Dividend of 6% (previous year 5%) for the year ended 31<sup>st</sup> March, 2003.

### **PERFORMANCE**

During the year under review the Company's Sales (incl. Other Operational Income) increased by 7.24% to Rs.6330 Lacs as compared to Rs.5903 Lacs during the preceding year. The Profit after Tax during the year however increased by 20.33% to Rs.217.60 Lacs as compared to Rs.180.84 Lacs in the preceding year. The Company's exports registered a growth of 95.35% during the year.

### **QUALITY SYSTEM**

Your Company's Goa Manufacturing Facilities received ISO 9001 certification during the year.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that :-

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2003 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding of the assets of the Company and for

preventing and detecting fraud and other irregularities;

- iv) the annual accounts have been prepared on a going concern basis.

### **CORPORATE GOVERNANCE**

The Company had complied with the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement with Stock Exchanges. A separate report each on Management Discussion & Analysis and Corporate Governance is attached to this report as Annexure – "A" and Annexure – "B" along with Auditors' Certificate on its due compliance.

### **LISTING**

The equity shares of the Company were voluntarily delisted from the Stock Exchange, Ahmedabad and Jaipur Stock Exchange with effect from 1<sup>st</sup> April, 2003. The equity shares of the Company are presently listed on the Stock Exchange, Mumbai (BSE) and the Calcutta Stock Exchange (CSE).

### **PARTICULARS OF EMPLOYEES**

As none of the employees of the company was in receipt of remuneration of Rs.24,00,000/- p.a. or above during the year, the information as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) rules, 1975, is not applicable.

### **DIRECTORS**

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Shri Naresh Pachisia, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

**CONSERVATION OF ENERGY,  
TECHNOLOGY ABSORPTION AND  
FOREIGN EXCHANGE EARNINGS &  
OUTGO**

A statement pursuant to section 217(1)(e) of the Companies Act, 1956, giving details of measures taken towards conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1998 is annexed as Annexure - C.

**AUDITORS**

Your Directors request you to appoint Auditors / Branch Auditors for the Current Financial Year.

**AUDITORS' REPORT**

As mentioned in the last report, in view of vast varieties of the Company's products and different sets of components for each such variety thereof, the number of component handled by the Company is fairly large and cost of each such component in several cases is very small. It is not economical and rational to have elaborate system to determine cost of each component at the point of receipts / production / issue etc. Hence for controlling the consumption, the company has adopted a system where under standard quantities of components (or their respective raw materials, in the case of manufactured components) are deemed to be consumed for each unit of finished goods produced. Similarly the owned manufactured components are valued, at the end of the accounting year, on basis of standard quantities of raw materials required for their manufacture, being valued at their current prices. Finished goods are valued as per standard quantity of components comprised therein, which quantities are valued at current prices. The elaborate stage-

wise costing system is too costly for the values involved and materially makes insignificant difference to the values adopted as per system followed. The standard norms of identifying raw material costs in components, and component cost in finished goods are reviewed and revised from time to time in light of current conditions with respect to process of production, technical knowledge and experience available with the company and sufficient care is taken to make the valuation prudent and reasonable. The same system of valuation is consistently followed over the years and results would not be materially different if elaborate cost fixing exercise is made.

The Company considers Rs.3.74 Lacs mentioned in paragraph 4.3 of the Auditors Report, good for recovery. The steps taken by the Company has resulted in recovery of Rs.3.00 Lacs during the year. The Company is taking steps for early recovery of the balance amount. As per legal opinion obtained by the Company the transactions mentioned in paragraph 4.4 of the Auditors Report will not require the approval under Section 297 of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Your directors wish to express their gratitude for the continued co-operation, support and assistance provided by all the valued Channel Partners, Distributors, Suppliers, Bankers, Shareholders and the Central and State Governments.

For and on behalf of the Board

Deepak Jalan

Prakash Jalan

Place : Kolkata

Dated : 30<sup>th</sup> June, 2003



# **MANAGEMENT DISCUSSION & ANALYSIS**

## **INDUSTRY STRUCTURE & DEVELOPMENTS**

The manufacture of writing instruments in India is reserved for the small scale sector. Faced with statutory limit on the investments in plant and machinery, the industry prefers to manufacture the critical components in-house and outsource the rest from vendors. Recently the limit on investment is raised to Rs.500 Lacs vide Central Government Notification No. S.O.655(E) dated 05.06.03.

The domestic brands cater to the “value for money” price segments upto unit selling price of Rs.20, while the international brands generally cater to the premium segments. The international players generally operate in India through local representatives / distributors. During the year, the competition in the market has further intensified as a result the manufacturers have to offer attractive value equation to the consumer in order to sustain the market share.

## **SEGMENT PERFORMANCE**

The Writing Instruments and allied stationeries are the main business segment of the Company. The Company's turnover from this segment grew by 6.35%. The contribution of exports to the total turnover was 12.66% as compared to 6.90% in the previous financial year. The ISO 9001 certification, received by the Company's Goa Manufacturing Unit during the year, gave a boost to the exports of the Company.

## **OPPORTUNITIES AND THREATS**

It is expected that the share of organised sector will be expanding on continual basis on account of their better quality and aggressive marketing. Besides, the demand for writing instruments is expected to grow with the increase in the literate population of the country. The recent increase in the statutory limit on investment in plant and machinery for the writing instrument industry will also open new growth opportunities. However the growth opportunities may attract new players in the market.

In order to meet these challenges and to benefit from growth opportunities, your Company has taken aggressive steps in the areas of new product development and product up-gradation.

## **OUTLOOK**

The Company's continuous efforts to provide more value to the consumer has resulted in higher off-take of the Company's products. Barring unforeseen circumstances the Company is expected to achieve significant growth in its turnover during 2003-04.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate internal control systems in all areas of operation which is commensurate with its size. An Enterprise Resource Planning (ERP) Software has been partially implemented during the year. With its full implementation during the current financial year, procedures and systems will further improve. In view of ISO 9001 certification received by the Company's Goa manufacturing facilities, this Unit is subject to Quality / Systems Audit on recurring basis.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Industrial relations during the year remained cordial. The Company as on 31<sup>st</sup> March, 2003 had 272 employees on its roll. The Board wishes to place on record its appreciation for the sustained efforts and devoted contribution made by all the employees for its success.

## **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's position and expectations may be "Forward Looking Statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the market in which the Company operates, changes in Government regulations, tax laws and other statutes and incidental factors.



# **CORPORATE GOVERNANCE REPORT**

## **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company firmly believes in and has consistently endeavoured to practice good Corporate Governance. A good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to shareholders and simultaneously enable the Company to fulfill its obligations to other stakeholders such as customers, employees and financiers, and to the society in general. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The

Company makes its best endeavours to uphold and nurture these core values in all aspects of its operations.

## **2. BOARD OF DIRECTORS : COMPOSITION AND CATEGORY**

The present strength of the Board of Directors is six, whose composition is given below:

Promoter, Executive Directors	- 2
Independent, Non-Executive Directors	- 4

The composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which he is a member/Chairperson are as under:



Name of the Director	Category	No. of Other Directorship	No. of Membership of other Board Committee	No. of Board Committee For which Chairperson
Shri Deepak Jalan	Promoter, Executive	Nil	Nil	Nil
Shri Prakash Jalan	Promoter, Executive	Nil	Nil	Nil
Shri S. L. Kochar	Independent, Non- Executive	1	Nil	Nil
Shri P. R. Agarwala	Independent, Non- Executive	7	Nil	Nil
Shri Naresh Pachisia	Independent, Non- Executive	4	1	Nil
Shri K. N. Ranasaria (appointed on 03.10.02)	Independent, Non- Executive	2	Nil	Nil

### ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING

During the financial year ended March 31, 2003, five Board Meetings were held on 29<sup>th</sup> April, 2002, 30<sup>th</sup> July 2002, 3<sup>rd</sup> October 2002, 30<sup>th</sup> October 2002 and 24<sup>th</sup> January, 2003. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under :

Name of the Directors	No. of Board meetings attended	Attendance at last AGM held on 25.11.2002
Shri S. L. Kochar	5	Yes
Shri P. R. Agarwala	4	Yes
Shri Naresh Pachisia	2	Yes
Shri K. N. Ranasaria (appointed on 03.10.02)	3	No
Shri Deepak Jalan	5	Yes
Shri Prakash Jalan	3	Yes

### 3. AUDIT COMMITTEE :

#### COMPOSITION

The Audit Committee of the Company comprises of three Directors, who are independent, non-executive. All these Directors possess knowledge of corporate finance, accounts and law. The Company Secretary acts as the Secretary to the Committee. The attendance of the Members at the five Audit Committee Meetings held during the financial year ended 31<sup>st</sup> March, 2003, were as under -

Members	No. of Meetings Attended
Shri S. L. Kochar, Chairman	5
Shri Naresh Pachisia	2
Shri P. R. Agarwala	4

**BROAD TERMS OF REFERENCE**

The terms of reference of the Audit Committee include :

- to review the Company's financial reporting process and its financial statements.
- to review the accounting and financial policies and practices.
- to review the efficacy of the internal control mechanism and monitor risk management.
- to review policies adopted by the Company and ensure compliance with regulatory guidelines.
- to review reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.

**4. REMUNERATION COMMITTEE :**

The remuneration committee was constituted during the year. The Committee comprises of Shri Naresh Pachisia, Chairman, Shri S. L. Kochar

and Shri Deepak Jalan. The terms of reference of the remuneration committee inter alia consists of formulating a remuneration policy of the Company and to supervise its implementation. And fixing remuneration of the working directors including Managing Director(s), Whole time director(s) and Manager(s) and to revise the same from time to time. The Committee met on 17<sup>th</sup> March, 2003 and it was attended by all the members.

Remuneration Policy : Non-executive directors are remunerated by way of sitting fees only. The Company pays remuneration by way of Salary, Perquisites and Allowances to Managing Director and Whole Time Director, as approved by the members and as permitted under Schedule XIII to the Companies Act, 1956.

The Details of Remuneration paid to Directors are as under:

Name of the Director	Salary Rs.	Benefits Rs.	Sitting fees Rs.	Total Rs.	Service contract/ Notice Period/ Severance Fees
Shri Deepak Jalan	600,000	-	-	600,000	Managing Director
Shri Prakash Jalan	600,000	-	-	600,000	Whole Time Director
Shri S. L. Kochar	-	-	14,000	14,000	Retire by rotation
Shri P. R. Agarwala	-	-	7,000	7,000	-do-
Shri Naresh Pachisia	-	-	10,000	10,000	-do-
Shri K. N. Ranasaria	-	-	6,000	6,000	-do-

## 5. SHAREHOLDERS' COMMITTEE

### i) Share Transfer Committee :

A Share Transfer Committee was constituted to deal with various matters relating to share transmission, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares. During the financial year ended 31<sup>st</sup> March, 2003, 16 Share Transfer Committee Meetings were held.

### ii) Shareholder/Investor Grievances Committee :

The Company constituted the Shareholder/Investor Grievances Committee on 29.04.02 to oversee the

redressal of the Shareholders' and Investors' grievances in relation to transfer of shares, non-receipt of Annual Report, non-receipt of dividend etc. Shri P. R. Agarwala is the Chairman of the Committee.

The total number of complaints received and redressed to the satisfaction of the Shareholders, during the year were 13. There were no outstanding complaints as on 31<sup>st</sup> March, 2003. Number of Shares pending for transfer as on 31<sup>st</sup> March, 2003, was 6,600.

### iii) Compliance Officer

The Board has designated Shri N. K. Dujari, G. M. – Finance & Company Secretary as the compliance officer

## 6. GENERAL BODY MEETING

Location and time, where last three Annual General Meetings were held is given below :

Financial Year	Date	Location of the Meeting	Time
1999 - 2000	28.09.2000	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkatta – 700 020	4.00 p.m.
2000 - 2001	26.09.2001	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkatta – 700 020	3.00 p.m.
2001 - 2002	25.11.2002	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkatta – 700 020	3.00 p.m.

## 7. DISCLOSURES :

i) The Company does not have any related party transactions, which may conflict with the interests of the Company at large. The transactions with related parties are at prices which are reasonable having regard to the prevailing market prices for such goods/services.

ii) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it

during the last three years.

## 8. MEANS OF COMMUNICATION :

i) The quarterly and half yearly results are published in the leading newspapers in English and Bengali.

ii) The Company results and official news release are displayed on the Company's Website – [www.lincpen.com](http://www.lincpen.com).

iii) No presentation have been made to institutional investors or analysts.

iv) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

**9. GENERAL SHAREHOLDER INFORMATION :**

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

i) Annual General Meeting

- Date and Time : 29<sup>th</sup> September, 2003 at 3.00 p.m.

- Venue : Shripati Singhania Hall,  
94/2, Chowringhee Road,  
Kolkatta – 700 020

ii) Financial Calendar

- Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

- Results : 1<sup>st</sup> Qtr – end July, 2003  
2<sup>nd</sup> Qtr – end October, 2003  
3<sup>rd</sup> Qtr – end January, 2004  
4<sup>th</sup> Qtr – end June, 2004

iii) Book closure date : 16.08.2003 to 28.08.2003 for purpose of AGM and Dividend.

iv) Dividend payment date : After 29<sup>th</sup> September, 2003

v) Listing of Equity Shares on : The Calcutta Stock Exchange  
Association Ltd

The Stock Exchange, Mumbai

(Listing fee for the year 2002 - 2003  
has been paid to the above Stock  
Exchanges.)

vi) Stock Code : The Stock Exchange, Mumbai - 531241

Calcutta Stock Exchange – 10022035

Demat ISIN No. – INE 802B01019

vii) Market Price Data - High/Low during each month of the year ended 31<sup>st</sup> March, 2003, on the Stock Exchange, Mumbai.

Month	High (Rs.)	Low (Rs.)
April, 2002	11.85	8.00
May, 2002	10.80	7.00
June, 2002	12.20	9.50
July, 2002	12.00	9.80
August, 2002	11.50	8.50
September, 2002	10.75	8.25
October, 2002	10.70	6.80
November, 2002	9.00	7.05
December, 2002	8.70	7.50
January, 2003	8.30	6.80
February, 2003	8.45	6.50
March, 2003	8.35	6.70

viii) Share Transfer System : Share transfers are normally effected within a maximum period of 30 days from the date of receipt and Demat are confirmed within a maximum period of 14 days by Registrar and Share Transfer Agent.

ix) Distribution of Shareholding :

#### Distribution of Shareholding by Ownership

Holding Pattern	No. of Shares	Shareholding %
1 Promoters & Associates	47,19,026	58.99
3 NRI, FIIs, etc.	100	0.00
4 Private Corporate Bodies	3,12,976	3.91
5 Indian Public	29,68,198	37.10
<b>Total</b>	<b>80,00,300</b>	<b>100.00</b>

#### Distribution of Shareholding by Size

Range of Shares	Shareholders		Shares	
	Number	%	Nos.	%
1 to 500	2277	72.89	3,58,678	4.48
501 to 1000	234	7.49	2,05,449	2.57
1001 to 5000	470	15.04	11,47,405	14.34
5001 to 10000	58	1.86	4,34,037	5.43
10001 & above	85	2.72	58,54,731	73.18
<b>Total</b>	<b>3124</b>	<b>100.00</b>	<b>80,00,300</b>	<b>100.00</b>

## ***Linc Pen & Plastics Limited***

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x) Dematerialisation of Shares :

<b>Holding</b>	<b>No. of Holder</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Physical	1931	61.81	50,26,772	62.83
Demat	1193	38.19	29,73,528	37.17
<b>Total</b>	<b>3124</b>	<b>100.00</b>	<b>80,00,300</b>	<b>100.00</b>

xi) Outstanding GDR/ADR or any convertible Instruments : Nil

xii) The manufacturing facilities of the Company are located at Serakole, West Bengal and Pilerne, Goa

xiii) Address for Correspondence : For Share Transfer and related queries -  
M/s. Maheswari Datamatics Pvt. Ltd  
6, Mangoe Lane, 2nd Floor,  
Kolkata – 700 001  
Phone – 22435029/5809,  
Fax – 2248 4787  
e-mail – [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in)

For General Assistance  
Mr. N. K. Dujari,  
G. M. - Finance & Company Secretary  
Linc Pen & Plastics Ltd  
3, Alipore Road, Kolkata – 700 027  
Phone – 2479 0248, Fax – 2479 0253  
e-mail – [investors@lincpen.com](mailto:investors@lincpen.com)

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE  
TO THE MEMBERS OF  
LINC PEN AND PLASTICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Linc Pen & Plastics Limited for the year ended 31<sup>st</sup> March 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investors' grievances remaining unattended/pending for more than 30 days as at 31<sup>st</sup> March, 2003.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G. P. AGRAWAL & CO.  
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read "R. S. Prasad".

R. S. PRASAD  
PARTNER

7A, Kiran Shankar Ray Road  
Kolkata-700 001  
30 June, 2003

**A. CONSERVATION OF ENERGY**

a) Energy conservation measures taken :-

The following energy conservation measures are taken on continuing basis :-

1. Regular preventive maintenance of all capital goods and equipment for enhancing productivity and efficiency resulting in energy saving.
2. Improvement of electrical power load factor.
3. Systematic Study of power consumption of various machines.
4. Optimise the use of energy through improved operational method.

b) Additional investments and proposals being implemented for reduction of consumption of energy.

No major specific investment proposals are envisaged. The company is however, carrying on continuous education and awareness programs for its employees for energy conservation.

c) Impact of measures undertaken under (a) and (b) above for reduction of energy consumption and its consequent impact on cost of production.

The Company is not a major user of energy. However, the measures taken by the company will result in saving of energy.

**B. TECHNOLOGY ABSORPTION**

The Company has no separate R & D section. The Company is however, developing new products and upgrading existing products to meet the changing market taste / profile.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) Activities relating to exports; initiatives taken to increase exports :-

The Company developed number of products as per the requirement and satisfaction of foreign customer. The efforts are made by the Company to develop new foreign buyers in addition to sustaining existing customers.

b) Total Foreign Exchange used and earned :-

The foreign exchange used and earned are by the Company during the year are as under -

Foreign Exchange Used -  
Rs. 780.85 Lacs

Foreign Exchange Earned -  
Rs. 751.02 Lacs

For and on behalf of the Board



Deepak Jalan  
Managing Director



Prakash Jalan  
Whole Time Director

Place : Kolkata

Dated : 30<sup>th</sup> June, 2003



## AUDITORS' REPORT

### TO THE MEMBERS OF LINC PEN AND PLASTICS LIMITED

1. We have audited the attached Balance Sheet of Linc Pen and Plastics Limited, as at 31<sup>st</sup> March 2003 and the Profit and Loss Account for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4.0 In connection with our audit, we observe as follows:-

*4.1 The Company books consumption of Raw Materials and Components on the basis of a standard Bill of Materials. The reconciliation of actual consumption with the standard consumption as per such Bill of Material has not been made available to us.*

*4.2 The Inventories of finished goods and own manufactured components are valued at standard cost which are determined on the basis of current prices. However, the variation between standard and actual costs has not been ascertained for determining whether such costs are near actuals, as required by the Accounting Standard – 2. In view of the above, the valuation of inventory does not conform to requirements of Accounting Standard – 2 issued by the Institute of Chartered Accountants of India and differences, if any, therefrom are not quantifiable.*

*4.3 The Company has not made any provision against Debtors amounting to Rs.3,73,874/-, which in our opinion are doubtful of recovery.*

*4.4 The Company has during the year, entered into certain transactions as referred to vide note no. 8(i) of Schedule 19 for sale and purchase of goods with related parties, without obtaining approval as required by section 297 of the Companies Act, 1956, for reasons stated therein.*

## ***Linc Pen & Plastics Limited***

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Further to our above comments and also in the Annexure referred to above, we report that:-

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit *except as stated in paragraph nos 4.1, and 4.2 above;*

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with in this report;

(iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches;

(iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except AS 2 - Inventory valuation as stated in paragraph 4.2 above;*

(v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

*4.2 and 4.4 above the effect of which could not be determined, had the observations made by us in paragraph 4.3 above been considered, the profit for the year would have been Rs.2,51,66,936/- (as against the reported figure of Rs.2,55,40,810/-) and reserves and surplus would have been Rs.10,41,78,797/- (as against the reported figure of Rs.10,45,52,671/-).*

*Subject to our observations in paragraph 4.1 to 4.4 above and read together with other 'NOTES' appearing on Schedule, the said statement of accounts, in our opinion and to the best of our information and according to the explanations given to us, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*

a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2003;

b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **G. P. Agrawal & Co.**  
Chartered Accountants



R. S. Prasad  
Partner

7A, Kiran Shankar Ray Road,  
Kolkata-700 001

30 June, 2003

*We further report that, without considering items mentioned at 4.1,*

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF LINC PEN & PLASTICS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2003.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management once during the year. As informed, no material discrepancies were noticed on the verification conducted during the year.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, components and raw materials have been physically verified during the year by the management. As regards material lying with third parties, the Company has a system of verifying all parties in a period of two years, in addition to obtaining confirmation certificates from most of them.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. As far as we can ascertain and according to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stocks as compared to the book records and the same have been properly dealt with in the books of account.
6. The valuation of finished goods is based on standard consumption of materials at current purchase costs, which is the same as followed in the previous year. *However, such standard costs have not been compared with the actual costs, to determine whether such standard costs are near actuals as required by AS – 2. The quantum of deviation, if any, is not ascertainable.*
7. The company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. There is no company under the same management as defined under sub section (1-B) of section 370 of the said act.
8. As informed, the company has not granted any loan, secured or unsecured, to companies, firms or other companies listed in the register maintained under section 301 of the Companies Act, 1956. There is no company under the same management as defined under sub section (1-B) of section 370 of the said act.
9. The company has not given any loans or advances in the nature of loans.
10. On the basis of our evaluation of the internal control procedures and according to the information and

explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.

11. In our opinion and according to the information and explanations given to us, the transactions of purchase and sales of goods and materials made in pursuance of contracts and arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs 50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods.

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.

13. The company has not accepted any deposit from public within the meaning of section 58A of the Companies Act, 1956.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The company does not have any by-product.

15. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

16. As informed to us, the Company is not required to maintain cost records under section 209 (1) (d) of the Companies Act, 1956.

17. The Company during the year has deposited Provident Fund and Employees' State Insurance dues with the appropriate authorities regularly and as informed, there are no arrears of such dues as at 31st March 2003.

18. According to the information and explanations given to us no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2003 for a period of more than six months from the date they became payable.

19. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account, which in our opinion and judgment and to the best of our knowledge and belief, could be regarded as personal expenses.

20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

In respect of service activities of the Company:-

21. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores and allocation of materials and labour consumed to jobs on a standard basis commensurate with its size and nature of its business.

22. The Company has a reasonable system of allocating man hours utilized to the relative jobs, commensurate with its size and nature of its business.

23. There is a reasonable system of authorization at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business on issue of stores and allocation of

stores to jobs and allocation of labour to jobs on a standard basis.

In respect to the trading activities undertaken by the Company:

24. We are informed that there have been no damaged stocks.

For **G. P. Agrawal & Co.**  
Chartered Accountants



R. S. Prasad  
Partner

7A, Kiran Shankar Ray Road,  
Kolkata-700 001

30 June, 2003

# Linc Pen & Plastics Limited

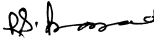
## BALANCE SHEET

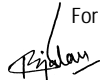
(Amount in Rupees)

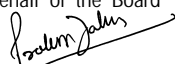
As At 31st March,	Schedule No.	2003	2002
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	1	80,003,000	80,003,000
RESERVES & SURPLUS	2	104,552,671	88,558,241
		184,555,671	168,561,241
<b>2. LOAN FUNDS</b>			
SECURED LOANS	3	137,068,310	142,881,256
UNSECURED LOANS		18,994,080	17,378,547
		156,062,390	160,259,803
<b>3. DEFERRED TAX LIABILITY</b>			
TOTAL		348,387,931	336,110,385
<b>II. APPLICATION OF FUNDS</b>			
<b>1. FIXED ASSETS</b>			
GROSS BLOCK	4	136,750,927	125,045,811
LESS: DEPRECIATION		41,112,500	26,099,703
NET BLOCK		95,638,427	98,946,108
CAPITAL WORK IN PROGRESS		5,116,948	9,134,043
		100,755,375	108,080,151
<b>2. INVESTMENTS</b>			
	5	15,000	15,000
<b>3. CURRENT ASSETS, LOANS AND ADVANCES</b>			
INVENTORIES	6	182,671,651	171,102,235
SUNDRY DEBTORS	7	93,867,701	83,695,614
CASH & BANK BALANCES	8	15,660,980	17,923,713
LOANS & ADVANCES	9	17,775,608	18,235,409
		309,975,940	290,956,971
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	57,407,009	59,652,830
PROVISIONS	11	5,415,203	4,000,150
		62,822,212	63,652,980
NET CURRENT ASSETS		247,153,728	227,303,991
<b>4. MISCELLANEOUS EXPENDITURE</b>			
(to the extent not written off/adjusted)	12	463,828	711,243
TOTAL		348,387,931	336,110,385
Significant Accounting Policies and Notes on Accounts	19		

Schedules 1 to 12 and 19 referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

For **G. P. AGRAWAL & CO.**  
Chartered Accountants

  
**R. S. Prasad**  
Partner

For and on behalf of the Board  
  
**Deepak Jalan**  
Managing Director

  
**Prakash Jalan**  
Whole Time Director

  
**N. K. Dujari**  
G. M. - Finance &  
Company Secretary

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
30 June, 2003


## PROFIT &amp; LOSS ACCOUNT

(Amount in Rupees)

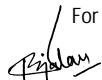
For the year ended 31st March,	Schedule No.	2003	2002
<b>INCOME</b>			
SALES	13	619,457,480	582,145,128
OTHER OPERATIONAL INCOME	14	13,562,159	8,162,843
OTHER INCOME	15	2,251,533	1,799,068
INCREASE/(DECREASE) IN STOCKS	16	(251,134)	7,423,072
		<u>635,020,038</u>	<u>599,530,111</u>
<b>EXPENDITURE</b>			
RAW MATERIALS & COMPONENTS CONSUMED	16	283,158,635	281,157,168
PURCHASES OF TRADING GOODS		105,471,995	78,603,007
MANUFACTURING, ADMINISTRATIVE, SELLING & GENERAL EXPENSES	17	193,163,968	185,431,634
INTEREST	18	12,316,390	17,225,776
DEPRECIATION		15,368,240	14,464,341
		<u>609,479,228</u>	<u>576,881,926</u>
<b>PROFIT BEFORE TAXATION</b>		25,540,810	22,648,185
<b>PROVISION FOR TAXATION</b>			
- CURRENT TAX		3,300,000	3,000,000
- DEFERRED TAX LIABILITY		480,529	1,564,024
<b>PROFIT AFTER TAXATION</b>		21,760,281	18,084,161
BALANCE BROUGHT FORWARD		54,864,241	48,005,547
LESS: DEFERRED TAX LIABILITY (NET) OF EARLIER YEARS		-	(5,725,317)
INCOME TAX FOR EARLIER YEARS		(350,648)	-
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<u>76,273,874</u>	<u>60,364,391</u>
<b>APPROPRIATIONS</b>			
GENERAL RESERVE		36,000,000	1,500,000
PROPOSED DIVIDEND		4,800,180	4,000,150
TAX ON PROPOSED DIVIDEND		615,023	0
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>34,858,671</u>	<u>54,864,241</u>
		<u>76,273,874</u>	<u>60,364,391</u>
Significant Accounting Policies and Notes on Accounts	19		
Schedules 13 to 19 referred to above form an integral part of the Profit & Loss Account.			
<b>EARNING PER SHARE – BASIC AND DILUTED</b>		2.72	2.26
Face Value Rs. 10/- each			

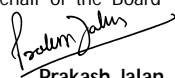
This is the Profit & Loss Account referred to in our report of even date.

For **G. P. AGRAWAL & CO.**  
Chartered Accountants

  
**R. S. Prasad**  
Partner

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
30 June, 2003

For and on behalf of the Board  
  
**Deepak Jalan**  
Managing Director

  
**Prakash Jalan**  
Whole Time Director

  
**N. K. Dujari**  
G. M. - Finance &  
Company Secretary

# *Linc Pen & Plastics Limited*

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

As at 31st March,	2003	2002
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED:		
10000000 Equity Shares of Rs.10 each	100,000,000	100,000,000
Issued, Subscribed and Paid up :		
8000300 Equity Shares of Rs.10		
each fully Paid up in Cash.	80,003,000	80,003,000

## SCHEDULE - 2

### RESERVES & SURPLUS

<b>General Reserve</b>			
Opening Balance	4,000,000	2,500,000	
Add : Transfer from			
Profit & Loss Account	36,000,000	40,000,000	4,000,000
<b>Securities Premium Account</b>	29,694,000		29,694,000
<b>Profit &amp; Loss Account</b>			
Surplus as per annexed account	34,858,671		54,864,241
	104,552,671		88,558,241

## SCHEDULE - 3

### LOAN FUNDS

#### SECURED LOANS

<b>From Scheduled Banks *</b>			
Term Loan	39,875,694		58,155,694
Short Term Loan	22,500,000		-
Packing Credit	2,181,415		8,634,972
Cash Credit	28,976,697		55,300,829
Foreign Currency Loan	42,951,525		20,163,248

\* Secured by hypothecation of Plant & Machinery, Moulds & Current Assets of the Company and first charge by way of Equitable Mortgage of Immovable Properties of the Company and also guaranteed by Managing Director and Whole time Director of the Company.

<b>From Others</b>			
Secured against hypothecation of Cars	582,979		626,513
	137,068,310 **		142,881,256

\*\* Includes Loan repayable within one Year Rs.40,078,000/- (Rs.38,554,708).

#### UNSECURED LOANS

<b>Trade Deposits</b>	18,994,080		17,378,547
(Including Interest Accrued and due Rs.1,707,858 (Rs.1,548,723).			
	18,994,080		17,378,547



## SCHEDULES TO THE BALANCE SHEET

## SCHEDULE - 4

## FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2002	Additions During the Year	Deductions During the Year	As at 31st March 2003	Up to 31st March 2002	For the Year	Less: On sales	Up to 31st March 2003	As at 31st March 2003	AS AT 31st March 2002
FREEHOLD LAND	1063637	-	-	1063637	-	-	-	-	1063637	1063637
BUILDINGS	9065842	4181006	-	13246848	1119718	266839	-	1386557	11860291	7946124
PLANT & MACHINERY	30045140	475597	-	30520737	6585627	3084964	-	9670591	20850146	23459513
OTHER EQUIPMENTS	77531451	6723439	391968	83862922	17163271	11435207	355443	28243035	55619887	60368180
FURNITURE & FIXTURES	4258928	352336	-	4611264	807501	271255	-	1078756	3532508	3451427
VEHICLES	3080813	364706	-	3445519	423586	309975	-	733561	2711958	2657227
<b>TOTAL</b>	125045811	12097084	391968	136750927	26099703	15368240	355443	41112500	95638427	98946108
PREVIOUS YEAR	108539122	21737843	5231154	125045811	14478268	14464341	2842906	26099703	-	-
CAPITAL WORK IN PROGRESS									5116948	9134043
							<b>TOTAL</b>		100755375	108080151

# *Linc Pen & Plastics Limited*

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

As at 31st March,	2003	2002
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS - Long Term (At cost)</b>		
Other than Trade		
Unquoted		
<b>National Savings Certificate</b> (Deposited with Statutory authorities)	15,000	15,000
	15,000	15,000

## SCHEDULE - 6

### INVENTORIES \*

(As taken, valued and certified by the management)

Raw Materials & Components	128,223,489	116,431,442
Finished Goods	35,027,603	41,820,609
Trading Goods	16,373,133	12,825,265
Work in Process	2,994,004	-
Scrap	53,422	24,919
	182,671,651	171,102,235

\* Includes Materials lying with third parties.

## SCHEDULE - 7

### SUNDRY DEBTORS

(Unsecured, considered good)

Debts outstanding for a period exceeding six months	13,820,199	3,401,002
Other Debts	80,047,502	80,294,612
	93,867,701	83,695,614

## SCHEDULE - 8

### CASH & BANK BALANCES

Cash & Cheques in hand	3,698,144	4,706,602
Balances with Scheduled Banks on :		
Current Accounts	283,611	860,326
Unpaid Dividend Accounts	546,044	321,778
Fixed Deposit Account (Lodged with Bank as margin money)	11,133,181	11,962,836
	15,660,980	12,035,007
		13,217,111
		17,923,713

## SCHEDULES TO THE BALANCE SHEET

(Amount in Rs.)

As at 31st March,	2003	2002
<b>SCHEDULE - 9</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	8,771,245	7,592,519
Advance Income Tax & Tax Deducted at Source (Net of Provision)	2,863,935	3,764,889
Export Benefits Receivable	3,087,839	3,695,084
Security Deposits	3,052,589	3,182,917
	<u>17,775,608</u>	<u>18,235,409</u>

**SCHEDULE - 10****CURRENT LIABILITIES**

Sundry Creditors		
- Small Scale Industrial Undertakings (Refer Point No. 7 of Notes to the Accounts)	12,896,689	3,908,024
- Others	41,987,976	54,646,668
Investor Education and Protection Fund (Due for less than 7 years)	546,044	321,778
Advances from Customers	1,976,300	776,360
	<u>57,407,009</u>	<u>59,652,830</u>

**SCHEDULE - 11****PROVISIONS**

Proposed Dividend	4,800,180	4,000,150
Tax on Proposed Dividend	615,023	-
	<u>5,415,203</u>	<u>4,000,150</u>

**SCHEDULE - 12****MISCELLANEOUS EXPENDITURE**

(To the extent not written off / adjusted)		
Preliminary Expenses	38,692	73,539
Share Issue Expenses	425,136	637,704
	<u>463,828</u>	<u>711,243</u>

# *Linc Pen & Plastics Limited*

## SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

For the year ended 31st March,	2003	2002
<b>SCHEDULE - 13</b>		
<b>SALES</b>		
Domestic	541,025,798	541,995,729
Exports	78,431,682	40,149,399
	<u>619,457,480</u>	<u>582,145,128</u>

### SCHEDULE - 14

#### OTHER OPERATIONAL INCOME

Export Benefits Received	11,565,485	6,498,219
Incentive and Discount on Purchase	1,622,228	1,319,527
Job Charges Received (Gross)*	374,446	345,097
	<u>13,562,159</u>	<u>8,162,843</u>

\* Includes Tax deducted at Source Rs.7,788/- (Rs.Nil)

### SCHEDULE - 15

#### OTHER INCOME

Interest received (Gross)*	1,068,507	1,257,427
Insurance claim	1,089,838	137,048
Gain on exchange fluctuation (Net)	–	295,926
Profit on Sale of Fixed Assets	12,475	–
Miscellaneous Income	80,713	108,667
	<u>2,251,533</u>	<u>1,799,068</u>

\* Includes Tax deducted at Source Rs.221,837/- (Rs.195,834)

### SCHEDULE - 16

#### RAW MATERIALS CONSUMED

Opening stock of raw materials	116,456,361	93,929,199
Add: Purchases during the year	294,979,185	303,684,330
	411,435,546	397,613,529
Less: Closing stock of raw materials	128,276,911	116,456,361
	<u>283,158,635</u>	<u>281,157,168</u>

#### INCREASE / (DECREASE) IN STOCKS

Closing stock		
Finished Goods	35,027,603	41,820,609
Trading Goods	16,373,133	12,825,265
Work in Progress	2,994,004	–
	<u>54,394,740</u>	<u>54,645,874</u>

## SCHEDULES TO THE PROFIT &amp; LOSS ACCOUNT

(Amount in Rs.)

For the year ended 31st March,	2003	2002
<b>SCHEDULE - 16 (Contd.)</b>		
Less: Opening stock		
Finished Goods	41,820,609	20,090,771
Trading Goods	12,825,265	27,132,031
Work in Progress	—	—
	54,645,874	47,222,802
<b>Increase/(Decrease) in Stock</b>	<b>(251,134)</b>	<b>7,423,072</b>

## SCHEDULE - 17

MANUFACTURING, ADMINISTRATIVE,  
SELLING & GENERAL EXPENSES

Stores and Spare parts consumed	456,861	238,272
Power & Fuel	4,485,129	2,468,810
Processing Charges	55,454,299	46,905,672
Rent	3,204,399	3,219,836
Repairs & Maintenance		
Machinery	3,445,026	2,060,649
Building	263,487	73,058
Others	949,265	4,657,778
Other Manufacturing expenses	2,006,316	1,373,179
Payments to and provisions for employees		
Salaries, Wages, Bonus & Allowances	17,669,007	17,891,803
Contribution to Provident and other Funds	1,658,879	1,367,657
Workmen and staff welfare & training expenses	1,675,019	21,002,905
		1,301,668
Auditors Remuneration	222,600	20,561,128
Miscellaneous Expenses	10,127,787	281,150
Insurance	1,587,814	8,210,080
Rates & Taxes	121,711	1,456,341
Directors' Sitting Fees	37,000	760,200
Loss on Sale of Fixed Assets	—	13,000
Travelling & Conveyance	7,908,753	1,261,786
Loss on exchange fluctuation (Net)	4,062,690	8,486,513
Postage, Telegram & Telephone	2,682,668	—
Freight & Transportation	11,427,083	3,049,555
		9,429,786

## *Linc Pen & Plastics Limited*

### SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rs.)

For the year ended 31st March,	2003	2002
<b>SCHEDULE - 17 (Contd.)</b>		
Bad Debts	121,695	110,837
Advertisement	11,963,272	27,089,682
Sales Promotion Expenses	25,273,675	19,785,188
Commission on Sales	1,989,156	4,543,024
Discount & Rebate	16,274,690	15,658,269
Other Selling & Distribution Expenses	7,848,273	6,885,318
Miscellaneous expenditure written off	247,414	247,414
	<u>193,163,968</u>	<u>185,431,634</u>

### SCHEDULE - 18

#### INTEREST

To Bank	10,267,923	15,319,666
To Others	2,048,467	1,906,110
	<u>12,316,390</u>	<u>17,225,776</u>

### SCHEDULE TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT.

#### SCHEDULE-19 :

#### Significant Accounting Policies and Notes on Accounts

##### A. Significant Accounting Policies

##### 1. Basis of accounting :

- The Company prepares its accounts on accrual basis, except otherwise stated, in accordance with the normally accepted accounting principles.
- Insurance and other claims/refunds are accounted for on actual receipt/acceptance basis, due to uncertainty in realization.

##### 2. Revenue Recognition:

Sales is exclusive of Sales Tax, rebate etc.

##### 3. Fixed Assets :

All fixed assets are stated at cost of acquisition inclusive of duties, taxes, incidental expenses, erection/ commissioning expenses and interest etc. upto date the asset is ready for intended use.

##### 4. Depreciation:

- Depreciation is provided on straight-line method at the rates specified in Schedule XIV of The Companies' Act, 1956.
- Depreciation on fixed assets added/ disposed off during the year is provided on prorata basis with reference to the date of addition/ disposal.

##### 5. Foreign currency transactions :

- Assets and liabilities related to foreign currency transactions (other than those

**SCHEDULE-19 : (Contd.)**

covered under forward contract) remaining outstanding at the year end are translated at the year end rate. Foreign currency transactions covered under forward contract are accounted for at contracted rates. The effect of exchange rate fluctuation in respect of monetary assets is taken to Profit & Loss Account.

- b. Transactions in Foreign Exchange in respect of Income / Expenditure items are recorded at the exchange rate at which the transaction is carried out.

**6. Investments :**

Investments are stated at cost.

**7. Inventories :**

- a. Inventories (other than Scrap) are valued at lower of cost or net realizable value. The cost of Inventories is computed on FIFO basis except in case of inventories of Finished Goods and own manufactured components where the cost is considered at the standard cost determined on the basis of current prices.
- b. Scrap is valued at Net Realisable Value.

**8. Amortisation of expenses :**

Preliminary and share issue expenses are amortised over a period of ten years.

**9. Retirement benefits :**

Liabilities on account of retirement benefit arising during the year is assessed and funded to the approved Gratuity scheme subscribed to by the company.

**10. Income Taxes :**

Tax expense comprises both current and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax assets (including unrecognized deferred tax assets of earlier years) are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**11. Segment Reporting Policies :**

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products having different risks and returns. The analysis of geographical segment is based on the areas in which customers of the Company are located.

**12. Contingent liabilities :**

No provision is made for liabilities, which are contingent in nature, but are disclosed by way of notes.

## *Linc Pen & Plastics Limited*

### B. NOTES ON ACCOUNT

(Amount in Rs.)

	31 <sup>st</sup> March, 2003	31 <sup>st</sup> March, 2002
1. Estimated amount of contract remaining to be executed for Capital Expenditure (net of advances) and not provided for	11,340,539	12,574,708
2. Contingent Liabilities Not Provided For		
a) Unredeemed Bank Guarantees	21,242,588	20,282,113
Margin Money paid against Bank Guarantees	10,346,094	9,282,619
b) Income Tax demands for earlier years not acknowledged as debts	94,041	30,684
c) Customs demand not acknowledged as debt	–	249,076
d) Bills Discounted from Bank	584,494	6,514,660
3. Managerial Remuneration		
Salary	1,200,000	1,560,000
Other Benefits	– *	16,636 *
Directors` Sitting Fees to Non-Executive Directors	37,000	13,000
* Excluding taxable value of perquisites Rs.52,800 (Rs.39,600).		
4. a) Statutory Auditors` Remuneration		
Audit Fees	105,000	105,000
Tax Audit Fees	47,750	47,750
Other Matters	59,350	65,100
Reimbursement of out of pocket expenses	–	10,800
	212,100	228,650
b) Branch Auditors` Remuneration		
Audit Fees	8,400	33,400
Tax Audit Fees	2,100	12,100
Other Matters	–	7,000
	10,500	52,500
Total (a+b)	222,600	281,150
5. Sundry Debtors includes amount due from a Private Limited Company in which a Director is a Director.	–	4,219,151



## 6. Segment Reporting ;

Business Segment : The Company has one major business segment, namely "Pen, Pencil and allied stationery" which is the primary segment. Products not falling under the above category are classified under "Others".

Geographical Segment : The Company operates in two geographical markets, in India and outside India.

Segment information as per Accounting Standard 17 for the year ended 31st March, 2003 is given hereinbelow :

## (a) Business Segments (Amount in Rs.)

	Pen, Pencil & Allied stationery	Others	Consolidated Total
<b>REVENUE</b>			
– External Revenue (Net)	619,090,994	366,487	619,457,481
<b>RESULT</b>			
– Segment result	36,734,906	53,787	36,788,693
– Unallocated corporate expenses (Net of Revenue)			6,086,810
<b>Operating Profit</b>	36,734,906	53,787	36,788,693
Interest expense (net of interest income)			11,247,883
Income tax and deferred tax			3,780,529
<b>NET PROFIT</b>			21,760,281
– Segmental assets	359,458,837	1,044,696	360,503,532
– Unallocated corporate assets			50,242,783
<b>Total assets</b>			410,746,315
– Segmental liabilities	67,646,321	–	67,646,351
– Unallocated corporate liabilities			159,008,151
<b>Total liabilities</b>			226,654,472
– Capital expenditure			8,079,990
– Depreciation / amortisation			15,368,240
– Non cash expenses other than Depreciation / amortisation			247,414

## (b) Geographical Segments

**External Revenue**

Within India	541,025,798
Overseas	78,431,682
	<u>619,457,480</u>

**Carrying amount of Segment Assets**

Within India	345,142,553
Overseas	15,360,979
	<u>360,503,532</u>

## ***Linc Pen & Plastics Limited***

### **Addition to Fixed Assets and Intangible assets**

Within India	8,079,990
Overseas	—
	8,079,990

#### **7. Sundry Creditors.**

Names of Small Scale Industries against whom amounts outstanding for more than 30 days as at the end of the year, (to the extent such parties have been identified from available information);

(1) Calcutta Label Works (2) K.K Polycolour India Limited. (3) Pioneer Packaging Pvt. Limited (4) Prime Prints Pvt. Limited (5) Utility Inks Pvt. Limited (6) Wonderpack (India) (7) Ostern Pvt. Limited (8) Sigma Inc. (9) Linc Writing Aids Pvt. Limited (10) Hi-Shine Inks.

#### **8. Related Party transactions:**

- (i) The Company during the year, has entered into transactions for purchase and sale of goods amounting to Rs.12,64,83,188/-, with related parties, for which no approval under section 297 of the Companies Act, 1956 has been sought in view of legal opinion obtained that such transactions do not attract the provisions of such section.
- (ii) Related party disclosure as per Accounting Standard 18 for the year ended 31<sup>st</sup> March 2003 are given below:

	Amount (Rs.)				
Description	Associates	KMP	Enterprises over which KMP and their relatives have substantial interest	Relatives of KMP	Total
Purchase of Goods	1769485	—	7840983	—	9610468
Sale of Goods	91891872	—	32212036	—	124103908
Purchase of Fixed Assets	140400	—	—	—	140400
Receiving of Services	1488000	1272000	—	114000	2874000
Rendering of Services	—	—	48455	—	48455
Outstanding Receivable, Net of Payable	11156448	—	49659	—	11206107

Note : Names of related parties and description of relationship;

Associates Includes;

Linc Writing Aids Pvt. Ltd.  
Shree Writing Aids Pvt. Ltd.

Enterprises over which KMP and their relatives

have substantial interest includes;

S.M.Pen & Plastic Industries  
Linc Marketing Services (Gujarat)  
Linc Marketing Services (T.N.)  
Linc Marketing Services (Goa)  
Linc Engineering  
Linc Soaps

Key Managerial Personnel Includes: Deepak Jalan  
Prakash Jalan

Relatives Includes: Deepak Jalan (HUF)  
(Mr. Deepak Jalan is the Karta of HUF)

9. Earnings Per Share: 2002-03 2001-02

The numerator and denominator used to calculate Basic/ Diluted Earnings Per Share

a) Amount used as the numerator (Profit after Tax)	21,760,281	18,084,161
b) Basic / Diluted weighted average number of Equity Shares used as the denominator	8,000,300	8,000,300
c) Nominal value of Equity Shares	10	10
d) Basic/ Diluted Earnings Per Share (a/b)	2.72	2.26

10. Deferred Tax Liability (Net) :

	Amount (Rs.)	
	Deferred Tax Asset / (Liability) As at 31.03.2003	Deferred Tax Asset / (Liability) As at 31.03.2002

Tax effect of timing differences on account of:

i) Difference between book and tax depreciation	(7769870)	(7307303)
ii) Expenses allowable for Tax Purpose on payment basis.	-	17962
Deferred Tax Liability (Net)	<u>(7769870)</u>	<u>(7289341)</u>

11. Additional Information Pursuant to paragraph 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

a) Licenced & Installed Capacities and Actual production for the year.

(Quantity in Lacs)

Class of Products	Unit	Installed Capacity	Actual Production
Pens/ Pencils & Plastics Components	Pcs.	*	1720.021 (1684.393)
Refills	Pcs.	*	2797.869 (1950.487)

Note: \* The Company's products are non standardised and are of various shapes & sizes, hence there is no proper measure to assess and indicate the same. No specific licence is required for the manufacture of products mentioned above.

Production includes products manufactured on Job basis.

## *Linc Pen & Plastics Limited*

### b) Opening & Closing Stock of Finished Goods Produced for Sale Amount (Rs.)

Sl. No.	Description	Unit	OPENING STOCK		CLOSING STOCK		SALES	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
I)	Pens	PCS.	22552071 (5412148)	33519140 (9574368)	14349023 (22552071)	18723224 (33519140)	172979820 (151287206)	353745373 (359410542)
II)	Refills	PCS.	15846656 (7891320)	8255671 (3190545)	30428072 (15846656)	13281694 (8255671)	144995983 (187093349)	120758935 (89335014)
III)	Pencils	PCS.	369 (3152570)	898 (7189259)	381916 (369)	606297 (898)	6843757 (3164365)	21042250 (11428143)
IV)	Others	-		44900 (136600)		2416387 (44900)		2706995 (828692)
Total			41820609		35027603		498253553	
Total (Previous Year)			(20090771)		(41820609)		(461002391)	

### c) Opening and Closing stock of goods Traded in Amount (Rs)

Sl. No.	Description	Unit	Opening Stock		Purchase		Sales		Closing Stock	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
I)	Pens	PCS.	4189327 (2734068)	6274694 (17413925)	32408003 (28575292)	82913377 (40031611)	30955119 (27120033)	94827675 (69722098)	5642211 (4189327)	10985687 (6274694)
II)	Refills	PCS.	1617646 (468416)	2620547 (2479615)	857572 (2376945)	3305472 (6888119)	1182440 (1227715)	5324894 (9262473)	1292778 (1617646)	1332991 (2620547)
III)	Pencils	PCS.	397102 (599075)	1089206 (1302278)	1470975 (5910945)	2185687 (14491028)	1341483 (6112918)	2872936 (18327318)	526594 (397102)	929597 (1089206)
IV)	Tips	PCS.	13890 (-)	70887 (-)	13916791 (31961569)	4456379 (6484287)	13918281 (31947679)	4687032 (6754421)	12400 (13890)	63240 (70887)
V)	Ink	KGS.	- (-)	- (-)	12444 (5949)	3502771 (1667134)	12444 (5949)	4097388 (1953355)	- (-)	- (-)
VI)	Granules	KGS.	- (-)	- (-)	100 (35552)	9833 (1684095)	100 (35552)	21575 (1893085)	- (-)	- (-)
VII)	Others	-	- (5936213)	2769931 (5936213)	- (7356733)	9098476 (7356733)	- (13229987)	9372427 (13229987)	- (-)	3061618 (2769931)
Total			12825265		105471995		121203927		16373133	
Total (Previous Year)			(27132031)		(78603007)		(121142737)		(12825265)	

### d) Raw Materials Consumed

Sl. No.	Items	Unit	Quantity	Amount (Rs.)
I)	Plastic Powder	KGS.	1083653 (1094057)	70536804 (64596262)
II)	Ink	KGS.	89892 (89768)	27185789 (27768876)
III)	Tips	PCS.	281578007 (365748860)	89834578 (86168542)
IV)	Components for Pen / Ball Pen/ Pencils	PCS.	583319837 (299888968)	64901894 (74772179)
V)	Others	-	-	30699570 (27851309)
Total				283158635
Total (Previous Year)				(281157168)

## e) Value of Raw Materials Consumed

Particulars	Amount Rs.	Percentage
Imported	76458480 (64370560)	27.00% (22.89%)
Indigeneous	206700155 (216786608)	73.00% (77.11%)
Total	283158635	100.00%
Total (Previous Year)	(281157168)	(100.00%)

## f) Value of Stores &amp; Spares Consumed

Particulars	Amount Rs.	Percentage
Imported	— —	— —
Indigeneous	456861 (238272)	100% (100%)
Total	456861	100%
Total (Previous Year)	(238272)	(100%)

	2002-2003	2001-2002
g) CIF Value of Imports		
Raw Materials & Components	51,779,818	67,538,367
Finished Goods	23,166,822	20,164,247
Capital Goods	1,117,353	10,026,864
h) Expenditure in Foreign Currency (On Payment Basis)		
I) Bank Interest & Commission	393,312	245,993
II) Travelling	772,319	1,182,026
III) Exhibition Expenses	855,636	754,444
i) Earnings in Foreign Exchange (On Accrual Basis)		
Exports on FOB Basis	75,101,901	38,819,189

12. I) Figures in brackets represents figures for the previous years.

II) The previous year figures have been regrouped and rearranged wherever necessary.

# Linc Pen & Plastics Limited

13. Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

**1. Registration Details**

Registration No. 

6	5	5	8	3
---	---	---	---	---

State Code 

2	1
---	---

Balance Sheet Date 

3	1	1	0	3	2	0	0	3
---	---	---	---	---	---	---	---	---

**2. Capital raised during the year (Amount in Rs. '000s)**

Public Issue

		N	I	L
--	--	---	---	---

Bonus Issue

		N	I	L
--	--	---	---	---

Right Issue

		N	I	L
--	--	---	---	---

Private Placement

		N	I	L
--	--	---	---	---

**3. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000s)**

Total Liabilities

4	1	1	2	1	0
---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	8	0	0	0	3
--	---	---	---	---	---

Secured Loans

1	3	7	0	6	8
---	---	---	---	---	---

Other Liabilities

		7	7	7	0
--	--	---	---	---	---

Application of Funds

Net Fixed Assets

1	0	0	7	5	5
---	---	---	---	---	---

Net Current Assets

2	4	7	1	5	4
---	---	---	---	---	---

Total Assets

4	1	1	2	1	0
---	---	---	---	---	---

Reserve & Surplus

1	0	4	5	5	3
---	---	---	---	---	---

Unsecured Loans

		1	8	9	4
--	--	---	---	---	---

Investments

				1	5
--	--	--	--	---	---

Miscellaneous Expenditure

			4	6	4
--	--	--	---	---	---

**4. Performance of Company (Amount in Rs. '000s)**

Turnover & Other Income

6	3	5	2	7	1
---	---	---	---	---	---

+Profit/Loss Before Tax

+	2	5	5	4	1
---	---	---	---	---	---

Earning Per Share in Rs.

		2	.	7	2
--	--	---	---	---	---

Total Expenditure

6	0	9	7	3	0
---	---	---	---	---	---

+Profit/Loss After Tax

+	2	1	7	6	0
---	---	---	---	---	---

Dividend rate (%)

					6
--	--	--	--	--	---

**5. Generic Name of three principal products of the Company (in monetary terms)**

Item Code No (ITC Code) 

9	6	0	8	1	0
---	---	---	---	---	---

Product Description 

B	A	L	L	P	O	I	N	T	P	E	N
---	---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code) 

9	6	0	8	6	0
---	---	---	---	---	---

Product Description 

R	E	F	I	L	L	S
---	---	---	---	---	---	---

Item Code No. (ITC Code) 


9	6	0	9	9	0
---	---	---	---	---	---

Product Description 

P	E	N	C	I	L	L	S
---	---	---	---	---	---	---	---

Signatories to Schedule 1 - 19

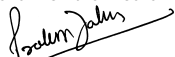
For **G. P. AGRAWAL & CO.**  
Chartered Accountants

  
**R. S. Prasad**  
Partner

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
30 June, 2003

For and on behalf of the Board

  
**Deepak Jalan**  
Managing Director

  
**Prakash Jalan**  
Whole Time Director

  
**N. K. Dujari**  
G. M. - Finance &  
Company Secretary


## CASH FLOW STATEMENT

(Amount in Rs.)

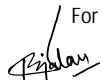
For the year ended 31st March,	2003	2002
<b>A. Cash flow from operating activities :</b>		
Net profit before tax	25,540,810	22,648,185
Adjustments for		
Depreciation	15,368,240	14,464,341
Miscellaneous Expenses W. Off	247,414	247,414
(Profit) / Loss on sale Of Fixed Assets	(12,475)	1,261,786
Interest Income	(1,068,507)	(1,257,427)
Unrealised loss / (gain) on foreign exchange fluctuation (Net)	383,111	125,865
Interest expense	12,316,390	27,234,173
Operating profit before working capital changes	52,774,983	32,067,755
(Increase) / Decrease in Trade and other receivables	(10,516,500)	5,815,898
(Increase) / Decrease in Inventories	(11,569,416)	(29,950,234)
(Increase) / Decrease in Loans & Advances	(570,306)	(5,540,833)
Increase / (Decrease) in Trade Payables	(2,447,908)	3,145,416
Cash generated from operations	27,670,853	28,186,187
Less : Direct taxes paid	2,749,694	3,220,526
<b>Net cash from operating activities</b>	<b>24,921,159</b>	<b>24,965,661</b>
<b>B. Cash flow from investing activities :</b>		
Purchase of fixed assets (including interest capitalised)	(8,079,990)	(22,565,546)
Fixed Deposit with Banks	901,826	(2,827,569)
Sale of fixed assets	49,000	1,126,463
Interest Received	1,197,662	(5,931,502)
<b>Net cash from investing activities</b>	<b>(5,931,502)</b>	<b>(23,041,651)</b>
<b>C. Cash flow from financing activities :</b>		
Proceeds from Short term borrowings	12,451,564	35,255,427
Proceeds from Long term borrowings	(18,280,000)	2,031,293
Proceeds from Unsecured Loans	(155,568)	(15,299,599)
Proceeds from finance lease liabilities	(43,534)	(349,798)
Interest Paid (Net of capitalisation)	(10,545,289)	(16,392,139)
Unclaimed Dividend	224,266	(56,261)
Dividends paid	(4,000,150)	(8,206,388)
Dividend Tax paid	—	(837,052)
<b>Net cash from financing activities</b>	<b>(20,348,711)</b>	<b>(3,854,517)</b>
Effect of exchange rate on Cash & Cash Equivalents	(1,853)	—
Net increase in Cash and Cash equivalents	(1,360,907)	(1,930,507)
<b>Cash and Cash equivalents - Opening balance</b>	<b>5,888,706</b>	<b>7,819,213</b>
<b>Cash and Cash equivalents - Closing balance</b>	<b>4,527,799</b>	<b>5,888,706</b>
Note: Fixed Deposit with Banks with maturity over 3 months are considered as Investment.		

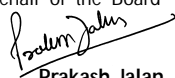
This is the Cash Flow Statement referred to in our report of even date.

For **G. P. AGRAWAL & CO.**  
Chartered Accountants

  
**R. S. Prasad**  
Partner

7A, Kiran Shankar Ray Road  
Kolkata - 700 001  
30 June, 2003

For and on behalf of the Board  
  
**Deepak Jalan**  
Managing Director

  
**Prakash Jalan**  
Whole Time Director

  
**N. K. Dujari**  
G. M. - Finance &  
Company Secretary

**FIVE YEARS HIGHLIGHTS**

Rs. in lacs

	2002-03	2001-02	2000-01	1999-00	1998-99
<b>Source of Funds</b>					
Share Capital	800.03	800.03	800.03	600.03	600.03
Reserves & Surplus	1045.53	885.58	802.00	306.57	196.62
Networth	1845.56	1685.61	1602.03	906.60	796.65
Borrowings	1560.62	1602.60	1377.89	458.27	172.65
Funds Employed	3406.18	3288.21	2979.92	1364.87	969.30
<b>Operating Results</b>					
Total Sales	6194.57	5821.45	5147.90	2829.61	2185.34
Exports	784.32	401.49	325.33	346.52	83.70
P B I D T	532.25	543.38	539.62	324.60	201.20
Interest	123.16	172.26	112.96	27.20	16.36
Depreciation	153.68	144.64	82.73	29.78	28.53
Profit before Tax	255.41	226.48	343.93	267.62	156.31
Profit after Tax	217.60	180.84	288.93	193.62	134.81
Cash Earning per Share (Rs.)	4.64	4.07	4.65	3.72	2.72
Earning per Share (Rs.)	2.72	2.26	3.61	3.23	2.25
Dividend per Share (Rs.)	0.60	0.50	1.20	1.20	1.20
Book Value per Share (Rs.)	23.07	21.07	20.02	15.11	13.28



## DIRECTORS' PROFILE

### **SHRI SOHAN LAL KOCHAR,**

71, director, a Post Graduate in Commerce & LLB, is a leading advisor on Income Tax matters. With his vast knowledge and experience he has been a guiding force since the very inception of the Company.

### **SHRI PRAHLAD RAI AGARWALA,**

65, director, a commerce and law graduate, he possesses vast experience in the manufacturing and marketing of fast moving consumer goods. He is the Chairman of Rupa & Co.Ltd., a well known inner and casual wear company.

### **SHRI NARESH PACHISIA,**

40, director, a Certified Financial Planner (CFP) is the Promoter-Managing Director of SKP Securities Ltd, a leading wealth management services provider, comprising of mutual funds, stock broking, depository services, life insurance and financial planning services.

### **SHRI KEDAR NATH RANASARIA,**

69, director, he is a post-graduate and brings with him more than four decades of experience in finance, manufacturing and other allied areas. He is the Whole Time Director of Balrampur Chini Mills Limited, one of India's leading sugar companies.

### **SHRI PRAKASH JALAN,**

37, wholetime director, a commerce graduate with 16 years of experience in the business, he looks after the production of both plants as well as administrative functions at the Goa unit.

### **SHRI DEEPAK JALAN,**

41, managing director, a commerce graduate with 18 years of experience in the business, he is responsible for the overall operations of the company with a specialisation in international operations.