

Linc

The beginning of change

WORLD



ANNUAL REPORT
2007 - 08

Signo 207

Smooth Flow

Signo 207

JETSTREAM

Smooth Flow

Jetstream

LAMY

Made in Germany

GLISS

GLISS

AXO

AXO

The Center of Attraction

Executive

Executive

Dictate Terms

Ocean

Ocean

Smooth flow... for the most elegant office

SAPRO

SAPRO

Style Statement

MARKLINE

MARKLINE

How has love to write?

BOARD OF DIRECTORS

	<i>Category</i>
Shri Sohan Lal Kochar	<i>Independent, Non-executive</i>
Shri Kedar Nath Ranasaria	<i>Independent, Non-executive</i>
Shri Prahlad Rai Agarwala	<i>Independent, Non-executive</i>
Dr. Ranjan Das	<i>Independent, Non-executive</i>
Shri Naresh Pachisia	<i>Independent, Non-executive</i>
Shri Aloke Jalan	<i>Whole Time Director</i>
Shri Prakash Jalan	<i>Whole Time Director</i>
Shri Deepak Jalan	<i>Managing Director</i>

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

- I Linc Estate
Usthi Road, Serakole, 24 Pgnos. (S)
Pin - 743 513, West Bengal
Phone: (033) 2420 4275/76
Fax: (033) 2420 4441
e-mail: production@lincpen.com
- I D3/6A, Corlim Industrial Estate
Corlim, Ilhas, Goa, Pin - 403 110
Phone: (0832) 329 0647
Fax: (0832) 228 5930
e-mail: despatchgoa@lincpen.com

BANKERS

State Bank of India
IDBI Bank Ltd.

AUDITORS

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

BRANCH OFFICES

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

MUMBAI - 32F, Laxmi Industrial Estate
New Link Road, Andheri (West)
Mumbai - 400 053
Phone: (022) 6692 4255 / 4375
Fax: (022) 6694 2963
e-mail: lincmumbai@lincpen.com

DELHI - B-34/10, G.T.K. Road Industrial Area
New Delhi - 110 033
e-mail: lincdelhi@lincpen.com

CHENNAI - 65, Coral Merchant Street
Chennai - 600 001.
e-mail: lincchennai@lincpen.com















ZIRAKPUR - Chandigarh Ambala Main Road,
Vill - Pabhat, Zirakpur, Punjab
e-mail: linczirakpur@lincpen.com

RANCHI - Rahul Complex
North Market Road, Upper Bazar
Ranchi - 834 001, Jharkand
e-mail: lincranchi@lincpen.com

NOIDA - B-27, Sector - 1, G.B.Nagar
Noida - 201 301, U.P.

SARIGAM - Plot No. 4712, Plastic Zone
G.I.D.C, Sarigam - 396 155, Gujarat

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MISSION

To deliver innovative, user friendly and better-quality products at best value to the customers, keeping in mind the prosperity of the company and its stakeholders.

To establish LINC as a global brand, known for its values, assertiveness and the acumen to adapt to the ever-changing environment.

VISION



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 14th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

	<i>(Rs. in Lacs)</i>	
	2007 - 08	2006 - 07
Sales & Other Operational Income	17723.45	14578.12
Other Income	14.84	27.64
Profit before depreciation, interest and taxation	1180.31	900.65
Interest	291.82	215.64
Depreciation	288.64	281.15
Profit before Tax	599.85	403.86
Provision for Taxation - Current	71.00	40.00
- Deferred	12.95	21.39
- Fringe Benefit Tax	12.50	11.75
Profit after Tax	503.40	330.72
Add: Credit Balance of the previous year	184.69	166.28
Income Tax for earlier years	(1.57)	—
Amount available for Appropriation	686.51	497.00
Less: Transfer to General Reserve	350.00	200.00
Proposed Dividend	120.00	96.00
Corporate Tax on Dividend	20.40	16.31
Balance carried to Balance Sheet	196.11	184.69

DIVIDEND

Your Directors recommend a Dividend of 15% (previous year 12%) for the year ended 31st March, 2008.

FINANCIAL PERFORMANCE

Performance: During the year under review, the Company's Sales (incl. Other Operational Income) increased by 21.6% to Rs.17723.45 Lacs as compared to Rs.14578.12 Lacs during the preceding year. The Profit after Tax during the year increased by 52.2% to Rs.503.40 Lacs as compared to Rs.330.72 Lacs in the preceding year.

Loan Cost : The Interest cost was up by 35.3% at 291.82 Lacs in 2007-08 from Rs.215.64 Lacs in 2006-07. The increase was on account of additional borrowings for working capital as well overall increase in interest rates. The Interest / turnover is 1.6% and Interest Cover is 4.0 in 2007-08, which were 1.5% and 4.2 respectively in 2006-07.

The Company retained its "P1" rating as regards Rs.100 Million Commercial Paper Programme of our Company. As per them, this rating indicates that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

Working Capital : The year-end debtors are 52 days of the sales for the year as compared to 50 days in the previous year. The inventory holding is for 101 days' sales as compared to 104 days in the previous year.

Fixed Assets : The Company spent Rs. 427.33 Lacs on acquisition of Fixed Assets, mainly consisting of moulds and machines at existing facilities as well as at new small facility at Falta SEZ near Kolkata. The new facility commenced production in first week of April, 2008. The financing for these acquisitions was done partially out of term loan.

SCHEME OF AMALGAMATION

The Board of Directors of the Company has approved the Scheme of Amalgamation between your Company and Shree Writing Aid Private Limited on 7th April, 2008. The said Scheme is subject to various regulatory approvals including the Hon'ble High Court of Kolkata, shareholders and stock exchanges. The Company is in process of obtaining necessary approvals. The Company expects to complete the entire exercise before 31st March, 2009.

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;
- 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 31st March, 2008 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 Corporate Governance and Management Discussion and Analysis 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 are listed on the Stock Exchange, Mumbai (BSE) and the Calcutta Stock Exchange (CSE).

PARTICULARS OF EMPLOYEES

The Company does not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri P. R. Agarwala and Shri K. N. Ranasaria, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves 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.

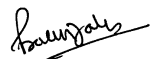
ACKNOWLEDGEMENT

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

For and on behalf of the Board



Deepak Jalan
Managing Director



Prakash Jalan
Whole Time Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The size of the Writing Instrument Industry in India is estimated at about Rs.2100 crores, of which organized players account for about Rs.1600 crores and unorganized players for the rest. The Industry is price sensitive and trade push plays a critical role in the low price segment. However, brand recall is also critical for volumes and some brand loyalty is also visible across the price segment. The Industry is highly competitive at the lower price segment due to low entry barriers. Most products are manufactured by simple manufacturing processes, which have helped proliferation of localized brands and presence of unorganized players. However, the share of the organized sector is increasing on account of emphasis on brand building, better distribution.

Most Indian Brands cater to the "Value for Money" segment upto Rs.30 each, while International Brands like Uniball, Parker etc cater to the semi-premium segment operating through exclusive distributors / franchisees.

The influx of modern retail formats (organized retail) in the country is expected to catalyze acceleration of growth in Writing Instruments, where consumer interaction with the products at the point of purchase is reasonably high. Penetration of modern retail formats is still low, which however is expected to increase rapidly over the next few years.

OPPORTUNITIES AND THREATS

India's per capita income increased from Rs.11,672 in 2003-4 to Rs.24,321 in 2007-8. The rising disposable income levels in India make it most exciting market offering good potential for the category. The median age of the Indian population is under 25 years – the highest user for the writing instruments. Further new opportunities are emerging on account of :

- n Favourable demographic mix – Indian population is expected to get younger in short to medium term.
- n Increased literacy levels.
- n Rise of Indian middle class.
- n Expansion of working population.
- n New retail formats.
- n Vast untapped rural market
- n Unexploited territories in overseas market

However, the opportunities may attract new players in the Industry due to low entry barrier and can intensify competition and put pressure on the margins. The upward fluctuation in the raw material prices also affects the profitability of the Industry.

PRODUCT WISE PERFORMANCE

During 2007-8, about 77% of the sale was from manufacturing operation as compared to 83% in the previous year on account of increased outsourcing. The Company's continued focus on increasing its value chain by rationalization of its product mix resulted in increased per unit realization, which is more evident in case of refill.

Pen : The Company sold 491.5 Million Pens in 2007-8 as compared to 418.5 Million Pens in 2006-7, registering a growth of 17.4% in volume. In value terms, the total sales from Pens increased to 13233 Lacs in 2007-8 as compared to Rs. 10879 Lacs in the previous year, a growth of 21.6%. The average realisation per pen increased from Rs.2.60 to Rs.2.69.

Refill : In volume terms, sale of refills dropped to 136.8 Million Refills in 2007-8 as compared to 210.1 Million Refills in 2006-7. However in value terms the total sales from Refills increased to Rs.2540 Lacs as compared to 2429 Lacs in 2006-7 a growth of 4.6%. This is on account of discontinuation of certain low value brands contributing only to the topline, which is evident from the increase in average realisation per refill from Rs.1.16 to Rs.1.86 in 2007-8.

Pencil : The Company sold 34.8 Million Pencils in 2007-8 as compared to 23.9 Million Pencils in 2006-7 an increase of 45%. The total sales from Pencils during 2007-8 was Rs.506 Lacs as compared to Rs.366 Lacs in 2006-7.

Export : Exports registered a whopping growth of 44.9% during 2007-8 despite the pressure of rupee appreciation. The total exports were Rs.3862 Lacs in 2007-8 as compared to Rs.2664 Lacs in 2006-7. The Company made inroads into new territories while increasing volumes in the existing. Exports contributed nearly 22.2% to the total sales in 2007-8, up from 18.5 % in 2006-7.

OUTLOOK

The overall performance for the year under review was better than previous year. The Company's increased emphasis on rationalization of product portfolio with the help of higher value products, should help in further acceleration of topline growth. The bottomline in the current year may face challenges from increasing input costs, as well as increased spending on brand building / awareness. The Company is keeping a close watch on input costs for appropriate price corrections in its products to manage margins.

With clear focus on expanding its value chain, the Company successfully launched and will be launching number of products in higher price segments. The Company expects reasonable success from most of these new products. The Company is also exploring new products in the stationery categories which can be developed and marketed to leverage its distribution network.

With the help of market research data available on Writing Instrument category, available through - ACNielsen ORG-MARG, a renowned market research company, the Company is able to identify gaps in markets as well as product categories and price segments. The Company is in process of filling those gaps and such endeavours shall also help the Company to further increase its market share in future.

Like any other consumer business, in writing instruments industry also the most successful company is inevitably the one that is best dispersed. In line with this objective the Company has taken following initiatives :-

- n Increased the size of its sales force for improved coverage.
- n Organised a Digital Conference cum Training Program for its entire sales force spread across the country.
- n Opened new branches / depots at Chennai, Zirakpur and Ranchi.
- n Increased distributor network to 2282 distributors from 2098 in 2006-7.
- n Participation in fairs / exhibitions to increase awareness.
- n Separate team to focus on modern retail.

The Company is also planning an aggressive advertisement campaign in 2008-9 to further increase its brand saliency and making Linc a top of the mind brand.

Hence looking ahead the Company is clearly focused on profitable and sustainable long term growth.

RISK AND CONCERNS

The retail environment is highly competitive both in India and in International markets. Several strategies are adopted by companies to increase market shares, through advertising, pricing, channel discounts, quality, new product introductions and distribution reach among others. Introduction of new products carries risks, as well as the possibility of unexpected consequences, which may include non-acceptance of the products by the consumers, non achievement of anticipated sales targets on account of failure of marketing strategy to reach a predefined market segment, etc. New product initiatives may also experience cost overruns due to investments exceeding expectations or cannibalization of sales in existing products.

To protect / expand existing market share in competitive environment expenditure on advertisement and promotion is needed and is fraught with inherent risks.

The Company's focus on differentiating itself through improved brand positioning and increased presence in the high-value segment is expected to offset these risks.

The rise in competition or a significant increase in input costs or forex market fluctuations may affect business and financial performance. The Company is keeping a close watch on these and is taking possible proactive strategic steps as and when required to address these concerns.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control Systems and procedures in all areas of operation, which is commensurate with its size. Its comprehensive system of internal control ensures an optimal use of resources. The internal control is supplemented by an internal audit, which is done by an independent firm of Chartered Accountants. Internal audit and other controls are reviewed periodically by Audit Committee and found to be adequate.

In view of ISO 9001 certification the Company's Manufacturing Facilities are subject to Quality / Systems Audit on recurring basis.

INFORMATION TECHNOLOGY

As reported last year, your Company had undertaken implementation of the ERP solutions from S A P. The implementation could not be completed as yet. With the full implementation of S A P your Company will have robust business intelligence platform which would help in bringing working capital efficiencies and improved supply chain management.

HUMAN RESOURCES

The Industrial relations during the year remained cordial. The Company as on 31st March, 2008 had 488 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 towards the Company objectives.

CAUTIONARY STATEMENT

Statements in the Directors' Report and 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 eight, whose composition is given below:

- 1 3 Promoter, Executive Directors
- 1 5 Independent, Non-Executive Directors.

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	1	Nil	Nil
Shri Prakash Jalan	Promoter, Executive	1	Nil	Nil
Shri Alope Jalan	Promoter, Executive	Nil	Nil	Nil
Shri S. L. Kochar	Independent, Non- Executive	1	1	1
Shri P. R. Agarwala	Independent, Non- Executive	2	Nil	Nil
Shri Naresh Pachisia	Independent, Non- Executive	5	5	1
Shri K. N. Ranasaria	Independent, Non- Executive	1	Nil	Nil
Dr. Ranjan Das	Independent, Non- Executive	1	Nil	Nil

* Directorships in Private Companies are not included.

There is no permanent Chairman in the Board.

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

During the financial year ended March 31, 2008, five Board Meetings were held on 26th April, 2007, 30th June 2007, 31st July, 2007, 31st October 2007 and 31st January, 2008. 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 14.09.2007
Shri S. L. Kochar	5	Present
Shri P. R. Agarwala	3	Leave of Absence
Shri Naresh Pachisia	5	Present
Shri K. N. Ranasaria	5	Present
Dr. Ranjan Das	5	Leave of Absence
Shri Deepak Jalan	5	Present
Shri Prakash Jalan	1	Present
Shri Alope Jalan	2	Present

3. CODE OF CONDUCT :

In line with the amended Clause 49 of the listing agreement, the Company adopted a Code of Conduct and ethics for its Directors and Senior Executives. All the Board Members and Senior Management personnel have affirmed compliance with the code of conduct. A declaration to this effect signed by the Managing Director has been taken on record. The Code of Conduct of the Company has been posted on the website www.lincpen.com at for general viewing.

4. AUDIT COMMITTEE :

The Audit Committee presently comprises of three Directors, who are Independent and Non-Executive. All these Directors possess knowledge of corporate finance, accounts and law. During the financial year ended March 31, 2008, four Audit Committee Meetings were held on 30th June 2007, 31st July, 2007, 31st October, 2007 and 31st January, 2008. The attendance of the Members were as under-

Members	No. of Meetings Attended
Shri S. L. Kochar, Chairman	4
Shri Naresh Pachisia	4
Shri K. N. Ranasaria	4

The role and terms of reference of the Audit Committee cover the matter specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditor and the Internal Auditor of the Company are permanent invitee at the meetings of the Committee.

5. REMUNERATION COMMITTEE :

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.

Remuneration Policy : Non-executive directors are remunerated by way of sitting fees and are also entitled to a commission (to be divided among them in such proportion as the Board may determine from time to time) not exceeding 1% of the net profits 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.	Commission Rs.	Total Rs.	Service contract/ Notice period/ Severance fees
Shri Deepak Jalan	18,00,000	2,23,500	—	—	20,23,500	Terms of office valid upto 30.09.10. No notice period & severance fee.
Shri Prakash Jalan	15,00,000	180,000	-	-	16,80,000	-do-
Shri Aloke Jalan	12,00,000	148,600	-	-	13,48,600	-do-
Shri S. L. Kochar	-	-	29,000	130,000	159,000	Retire by rotation
Shri P. R. Agarwala	-	-	15,000	130,000	145,000	-do-
Shri Naresh Pachisia	-	-	31,750	130,000	161,750	-do-
Shri K. N. Ranasaria	-	-	29,000	130,000	159,000	-do-
Dr. Ranjan Das	-	-	25,000	130,000	155,000	-do-

6. SHAREHOLDERS' COMMITTEE :

i) Share Transfer Committee :

The Share Transfer Committee comprises of Shri Deepak Jalan and Shri Naresh Pachisia. The Committee 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 31st March, 2008, 11 Share Transfer Committee Meetings were held.

ii) Shareholder/Investor Grievances Committee :

The Shareholder / Investor Grievances Committee comprises of Shri K. N. Ranasaria as the Chairman and Shri Deepak Jalan. The Committee is 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. The total number of complaints received and replied, to the satisfaction of the shareholders during the year were 8. There were no outstanding complaints as on 31st March, 2008. Number of Shares pending for transfer as on 31st March, 2008 were 301.

iii) Compliance Officer :

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

7. 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
2004 - 2005	31.08.2005	Shripati Singhanian Hall, 94/2, Chowringhee Road, Kolkatta - 700 020	3.30 p.m.
2005 - 2006	25.09.2006	Shripati Singhanian Hall, 94/2, Chowringhee Road, Kolkatta - 700 020	3.30 p.m.
2006 - 2007	14.09.2007	Shripati Singhanian Hall, 94/2, Chowringhee Road, Kolkatta - 700 020	3.30 p.m.

No special resolutions were passed at the last three AGMs and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 12th September, 2008.

8. DISCLOSURES :

- i) The Company does not have any related party transactions, which may have potential 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.
- iii) The Company is regularly complying with all the mandatory requirements of Clause 49 of the Listing Agreement regarding Board Composition, Code of conduct, Audit Committee, quarterly and annual disclosures etc. The Company has adopted the non-mandatory requirement of remuneration committee.
- iv) The Non - executive Directors do not hold any shares of the Company as on 31st March, 2008.
- v) The particulars of directors seeking reappointment are given in the explanatory statement to the notice of Annual General Meeting.

9. MEANS OF COMMUNICATION :

- i) A half-yearly report was not sent to each household of the shareholders. Shareholder's were intimated through the press and the Company's website - www.lincpen.com about the quarterly performance and financial results of the Company.
- ii) The quarterly and half yearly results are published in the leading newspapers in English and Bengali such as The Business Standard, Kalantar and Arthik Lipi.
- iii) As per the newly inserted clause 51 of the Listing Agreement with the stock exchanges, certain documents / informations such as quarterly / annual financial results,

shareholding pattern and corporate governance are accessible on the website www.sebidifar.nic.in.

- iv) The Company results and official news release are displayed on the Company's Website: www.lincpen.com.
- v) No presentation have been made to institutional investors or analysts etc.
- vi) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

10. 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 : 12th, September, 2008 at 3.30 p.m.
 - Venue : Shripati Singhania Hall,
94/2, Chowringhee Road,
Kolkatta – 700 020
- ii) Financial Calendar :
 - Financial Year : 1st April to 31st March
 - Results : 1st Qtr – end July, 2008
2nd Qtr – end October, 2008
3rd Qtr – end January, 2009
4th Qtr – end June, 2009
- iii) Book closure date : 05.09.2008 to 12.09.2008 on account of
AGM and Dividend.
- iv) Dividend payment date : After 12th September, 2008
- v) Listing of Equity Shares on Stock Exchanges at : i) The Calcutta Stock Exchange Association Ltd
7, Lyons Range, Kolkata – 700 001
ii) Bombay Stock Exchange Ltd,
The Corporate Relationship Department
Rotunda Building, PJ Tower,
Dalal Street, Fort, Mumbai – 400 001
- vi) Listing Fees : Listing fee for the year 2007 – 2008 has been
paid to the above Stock Exchanges.
- vii) Stock Code : Bombay Stock Exchange – 531241
Calcutta Stock Exchange – 10022035
Demat ISIN No. – INE 802B01019

- viii) Market Price Data – High /Low during each month of the year ended 31st March, 2008, at the Bombay Stock Exchange.

Month	High (Rs.)	Low (Rs.)
April, 2007	38.60	29.50
May, 2007	34.95	31.50
June, 2007	34.00	29.05
July, 2007	37.00	31.00
August, 2007	41.75	30.10
September, 2007	51.60	35.00
October, 2007	43.30	28.00
November, 2007	45.95	33.20
December, 2007	59.00	42.05
January, 2008	56.00	29.75
February, 2008	42.90	30.40
March, 2008	41.95	30.00

- ix) Share Price performance in 2007-08 comparison to broad based indices – BSE Sensex
 % Change in Linc's Share Price: (+)16.5 % % Change in BSE Sensex : (+)19.7%

- x) Share Transfer System : Presently, the share transfers which are received in physical form 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 – M/s.Maheshwari Datamatics Pvt. Ltd, 6, Mangoe Lane, Kolkata-700 001.

- xi) Distribution of Shareholding :

Distribution of Shareholding by Ownership

Holding Pattern	No. of Shares	Shareholding %
1 Promoters & Associates	38,91,074	48.64
2 NRI, FIIs, etc.	55,753	0.70
3 Private Corporate Bodies	16,49,992	20.62
4 Indian Public	24,03,481	30.04
Total	80,00,300	100.00

Distribution of Shareholding by Size

Range of Shares	Shareholders		Shares	
	Number	%	Nos.	%
1 to 500	4503	84.03	6,70,189	8.38
501 to 1000	384	7.17	3,25,298	4.06
1001 to 5000	369	6.88	8,77,408	10.97
5001 to 10000	36	0.67	2,73,348	3.42
10001 & above	67	1.25	58,54,057	73.17
Total	5359	100.00	80,00,300	100.00

xii) Dematerialisation of Shares :

Holding	No. of Holder	%	No. of Shares	%
Physical	911	17.00	3,09,037	3.86
Demat	4448	83.00	76,91,263	96.14
Total	5359	100.00	80,00,300	100.00

xiii) Outstanding GDR/ADR or any convertible Instruments : Not Applicable

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

xv) 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

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

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Directors and Senior Management have affirmed compliance with the Companies Code of Conduct during the financial year ended 31st March, 2008.



Deepak Jalan
Managing Director

CEO / CFO CERTIFICATION


The Board of Directors
Linc Pen & Plastics Limited
Kolkata

Re: Financial Statements for the financial year 2007 - 08 – Certification by MD and GM Finance

We, Deepak Jalan, Managing Director and N. K. Dujari, G. M.- Finance & Company Secretary, of Linc Pen & Plastics Limited , on the review of financial statements and cash flow statement for the year ended 31st March 2008 and to the best of my knowledge and belief, hereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2008 which are fraudulent illegal or violative of Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, for financial reporting, we have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the Auditors & the Audit Committee : -
 - (i) there have been no significant changes in internal control over financial reporting during the period.
 - (ii) there have been no significant changes in accounting policies during the period.
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Kolkata
30th June, 2008



N. K. Dujari
G. M. – Finance &
Company Secretary



Deepak Jalan
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
LINC PEN & PLASTICS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Linc Pen & Plastics Limited for the year ended 31st March, 2008, 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 the 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 representation 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 31st March, 2008.

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



Sunita Kedia

Partner

Membership No. 60162

7A, Kiran Shankar Ray Road
Kolkata - 700 001

Date: The 30th day of June, 2008

A. CONSERVATION OF ENERGY

- a) The following energy conservation measures are taken on continuing basis :-
1. Regular preventive maintenance of all equipment to keep them in good condition.
 2. Improvement of electrical power load factor.
 3. Systematic Study of power consumption of various machines.
 4. Provision of energy efficient lights replacing conventional light fittings.
 5. Optimise the use of energy through improved operational method.
- b) Additional investments and proposals being implemented for reduction of consumption of energy.

The Company is carrying on continuous education and awareness programs for its employees for energy conservation. Steps are also being taken to introduce improved operational methods, aimed to save consumption of power and fuel. But no major specific investment proposals are envisaged.

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

The power consumption of the Company as a percentage of total turnover is very negligible. 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 and also their packaging to meet the changing market taste / profile.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

New products are developed by the Company for export markets along with improvement in quality and cost. The Company regularly participates in important international fairs / exhibitions in USA and Germany.

- b) Total Foreign Exchange used and earned :-

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

Foreign Exchange Used – Rs. 2169.21 Lacs

Foreign Exchange Earned – Rs. 3825.66 Lacs

AUDITORS' REPORT

TO THE MEMBERS OF
LINC PEN AND PLASTICS LIMITED

We have audited the attached Balance Sheet of LINC PEN AND PLASTICS LIMITED as at 31st March, 2008 and the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date (in which are incorporated the accounts of Company's branches at Goa 2, and Pilerne audited by other Auditors), all of which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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.

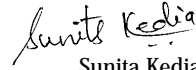
As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments 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;
- 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 and the Cash Flow Statement 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 and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;

- v) On the basis of written representations received from such directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement together with the Notes thereon and attached thereto, give in the prescribed manner the information required by the Act 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 31st March, 2008;
 - 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 the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For G.P. AGRAWAL & CO.
Chartered Accountants


Sunita Kedia
Partner
Membership No. 60162

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 30th day of June 2008

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Auditors' Report to the members of LINC PEN AND PLASTICS LIMITED for the year ended 31st March 2008:

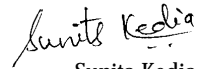
- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) The fixed assets have been physically verified during the year by the management. To the best of our knowledge, no material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
- ii) a) The inventories have been physically verified during the year by the management at reasonable intervals. In respect of inventories lying with third parties, confirmation has been obtained from them.
- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) On the basis of our examination, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification of inventories by the management as compared to book records were not material and these have been properly dealt with in the books of account.
- iii) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- b) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act, the provisions of para (iii)(b) to (iii)(d) of the paragraph 4 of the said order are not applicable to the company.
- c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- d) As the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act, the provisions of para (iii)(f) to (iii)(g) of the paragraph 4 of the said order are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system, commensurate with the size of the company

and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system.

- v) a) In our opinion and according to the information and explanations given to us, particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanation given to us, these transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposit within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- vii) In our opinion, the internal audit system of the company is commensurate with the size of the company and the nature of its business.
- viii) The provision regarding maintenance of cost records is not applicable to the Company.
- ix) a) According to the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Custom Duty, Cess and other statutory dues with appropriate authorities. As explained to us the provisions of Wealth Tax and Excise Duty are not applicable to the company. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us by the management, there are no disputed dues payable in respect of statutory dues as aforesaid.
- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) The Company has not defaulted in payment of dues to a bank. The Company has no dues of financial institution or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to this Company.
- xiv) The Company is not dealing or trading in shares, securities, debentures or other investments. However, the investments made by the Company in Government securities have been held in its own name.

- xv) According to the records of the Company and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) On the basis of our examination and according to the information and explanation given to us, the term loans have been applied for the purpose for which the loans were obtained.
- xvii) According to the records of the Company and according to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) The Company has not issued any debenture.
- xx) The Company has not raised any money during the year by public issue.
- xxi) In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements materially misstated.

For G.P. AGRAWAL & CO.
Chartered Accountants



Sunita Kedia
Partner

Membership No. 60162

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 30th day of June 2008



Audited
Accounts
2007-08

BALANCE SHEET

(Amount in Rupees)

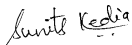
As at 31st March,	Schedule No.	2008	2007
I SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	80,003,000	80,003,000
b) Reserves & Surplus	2	245,389,954	208,162,589
		325,392,954	288,165,589
2. Loan Funds			
a) Secured Loans	3	281,477,596	239,674,064
b) Unsecured Loans		58,813,107	57,031,841
		340,290,703	296,705,905
3. Deferred Tax Liability			
(See Note No. 11 of Schedule 19)		12,584,825	11,245,353
Total		678,268,482	596,116,847
II APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	4	301,968,448	272,561,781
b) Less: Depreciation		157,244,268	131,778,618
c) Net Block		144,724,180	140,783,163
d) Capital Work In Progress		43,865,730	21,051,693
		188,589,910	161,834,856
2. Investments			
	5	—	15,000
3. Current Assets, Loans and Advances			
a) Inventories	6	479,865,055	409,789,220
b) Sundry Debtors	7	248,691,606	196,822,480
c) Cash & Bank Balances	8	5,648,023	13,809,323
d) Loans & Advances	9	35,338,569	31,290,166
		769,543,253	651,711,189
Less : Current Liabilities & Provisions			
a) Current Liabilities	10	263,412,283	204,744,257
b) Provisions	11	16,452,398	12,699,941
		279,864,681	217,444,198
Net Current Assets		489,678,572	434,266,991
Total		678,268,482	596,116,847

Significant Accounting Policies and Notes on Accounts 19

Schedules 1 to 11 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



Sunita Kedia
Partner

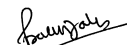
Membership No.60162


7A, Kiran Shankar Ray Road
Kolkata - 700 001

The 30th day of June 2008

For and on behalf of the Board


Deepak Jalan
Managing Director


Prakash Jagan
Whole Time Director


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

PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

For the year ended 31st March,	Schedule No.	2008	2007
INCOME			
Sales	12	1,740,050,274	1,438,372,448
Other Operational Income	13	32,294,741	19,439,649
Other Income	14	1,484,478	2,764,393
Increase / (Decrease) In Stocks	15	48,700,445	8,171,628
		<u>1,822,529,938</u>	<u>1,468,748,118</u>
EXPENDITURE			
Raw Materials & Components Consumed	16	871,507,349	729,693,857
Purchases of Trading Goods		293,185,345	177,497,477
Manufacturing, Administrative, Selling & General Expenses	17	539,805,852	471,490,981
Interest	18	29,182,082	21,564,198
Depreciation		28,864,275	28,115,197
		<u>1,762,544,903</u>	<u>1,428,361,710</u>
Profit Before Taxation		59,985,035	40,386,408
Provision For Taxation			
– Current Tax		7,100,000	4,000,000
– Fringe Benefit tax		1,250,000	1,175,000
– Deferred Tax		1,295,041	2,138,977
Profit After Taxation		50,339,994	33,072,431
Balance Brought Forward		18,468,589	16,628,099
Income Tax for Earlier Years		(157,272)	—
Profit Available for Appropriation		<u>68,651,311</u>	<u>49,700,530</u>
APPROPRIATIONS			
General Reserve		35,000,000	20,000,000
Proposed Dividend		12,000,450	9,600,360
Tax on Proposed Dividend		2,039,476	1,631,581
Balance Carried to Balance Sheet		19,611,385	18,468,589
		<u>68,651,311</u>	<u>49,700,530</u>
Significant Accounting Policies and Notes on Accounts 19			
Earning Per Share - Basic & Diluted			
(Face Value Rs.10/- each)		6.29	4.13
(Refer Note 7 of Schedule - 19)			

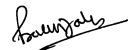
Schedules 12 to 19 referred to above form an integral part of the Profit & Loss Account

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

For G. P. Agrawal & Co.
Chartered Accountants

Sunita Kedia
Partner
Membership No.601627A, Kiran Shankar Ray Road
Kolkata - 700 001
The 30th day of June 2008

For and on behalf of the Board


Deepak Jalan
Managing Director

Prakash Jalan
Whole Time Director

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

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

As at 31st March,	2008		2007
SCHEDULE - 1			
SHARE CAPITAL			
Authorised			
10,000,000 Equity Shares of Rs.10/- each		100,000,000	100,000,000
Issued, Subscribed and Paid up			
8,000,300 Equity Shares of Rs.10/- each fully Paid up in Cash		80,003,000	80,003,000
SCHEDULE - 2			
RESERVES & SURPLUS			
General Reserve			
As per last account	161,084,569		140,000,000
Add : Transferred from			
Profit & Loss Account	35,000,000	196,084,569	20,000,000
Securities Premium Account			
As per last account		29,694,000	29,694,000
Profit & Loss Account			
Surplus as per Profit & Loss Account		19,611,385	18,468,589
		245,389,954	208,162,589
SCHEDULE - 3			
LOAN FUNDS			
Secured Loans			
From Scheduled Banks *			
Term Loan		10,889,512	15,593,866
Short Term Loan		40,012,608	30,000,000
Packing Credit		109,323,295	92,606,748
Cash Credit		105,034,313	77,328,046
Foreign Currency Loan		15,823,395	23,421,240
*Secured by hypothecation of Plant & Machinery, Moulds & Current Assets of the Company and first charge by way of Equitable Mortgage of Immovable Properties and Other Fixed Assets of the Company and also guaranteed by Managing Director, Whole Time Director and associate concerns of the Company.			
From Others			
Secured against hypothecation of Cars		394,473	724,164
		281,477,596	239,674,064
** Includes term Loan repayable within one Year Rs. 72,696,854/- (Rs. 62,386,117/-)			
Unsecured Loans			
Short Term Loan From Bank		20,000,000	20,000,000
Trade Deposits*		38,813,107	37,031,841
*Includes Interest Accrued and due			
Rs. 1,729,218/- (Rs.1,497,146/-)		58,813,107	57,031,841

SCHEDULE TO THE BALANCE SHEET

SCHEDULE - 4

FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 1st April 2007	Additions During the Year	Deductions During the Year	As at 31st March 2008	Up to 31st March 2007	For the Year	Deductions/ Less : On sales	Up to 31st March 2008	As at 31st March 2008	As at 31st March 2007
Freehold Land	5,989,242	1,093,275	2,640,757	4,441,760	—	—	—	—	4,441,760	5,989,242
Buildings	14,091,280	3,192,757	3,226,253	14,057,784	2,909,637	337,292	822,813	2,424,116	11,633,668	11,181,643
Plant & Machinery	41,173,672	10,701,063	—	51,874,735	21,681,177	4,525,441	—	26,206,618	25,668,117	19,492,495
Other Equipments	194,222,208	18,743,580	2,487,550	210,478,238	102,308,781	21,846,310	746,950	123,408,141	87,070,097	91,913,427
Furniture & Fixtures	7,760,511	2,016,328	965,765	8,811,074	2,670,043	527,597	532,324	2,665,316	6,145,758	5,090,468
Vehicles	9,324,868	2,662,488	4,005,659	7,981,697	2,208,980	765,104	1,296,538	1,677,546	6,304,151	7,115,888
Computer Software * (Intangible Assets)	—	4,323,160	—	4,323,160	—	862,531	—	862,531	3,460,629	—
Total	272,561,781	42,732,651	13,325,984	301,968,448	131,778,618	28,864,275	3,398,625	157,244,268	144,724,180	140,783,163
Previous Year	241,376,701	38,296,333	7,111,253	272,561,781	106,354,971	28,115,197	2,691,550	131,778,618	140,783,163	—

* Acquired

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

As at 31st March,	2008	2007
SCHEDULE - 5		
INVESTMENTS - LONG TERM (AT COST)		
Other than Trade - Unquoted		
National Savings Certificate	—	15,000
	—	15,000

SCHEDULE - 6

INVENTORIES *

(As taken, valued and certified by the management)

Raw Materials & Components	288,146,234	266,780,957
Finished Goods	89,473,839	53,829,138
Trading Goods	92,895,509	76,069,628
Work in Process	9,337,556	13,107,693
Scrap	11,917	1,804
	479,865,055	409,789,220

* Includes Materials lying with third parties

SCHEDULE - 7

SUNDRY DEBTORS

(Unsecured, considered good)

Debts outstanding for a period exceeding six months	7,601,024	7,820,115
Other Debts	241,090,582	189,002,365
	248,691,606	196,822,480

SCHEDULE - 8

CASH & BANK BALANCES

Cash & Cheques in hand (As certified)	1,304,982	570,147
Balances with Scheduled Banks in:		
Current Accounts	185,722	1,422,297
Unpaid Dividend Accounts	736,262	783,964
Fixed Deposit Account*	3,421,057	4,343,041
		11,032,915
		13,239,176
	5,648,023	13,809,323

*(Lodged with Bank as Margin Money)

SCHEDULES TO THE BALANCE SHEET

(Amount in Rupees)

As at 31st March,	2008	2007
SCHEDULE - 9		
LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	18,995,560	16,047,186
Advance Income Tax & T.D.S. (Net of Provision)	—	2,659,917
Export Benefits Receivable	8,893,119	5,386,390
Security Deposits	7,449,890	7,196,673
	<u>35,338,569</u>	<u>31,290,166</u>

SCHEDULE - 10

CURRENT LIABILITIES

Sundry Creditors		
- Micro, Small and Medium Enterprises (Refer Note no.5 of Schedule 19)	72,640,150	67,331,663
- Others	185,388,562	135,361,656
Investor Education and Protection Fund (Due for less than Seven Years)	736,262	783,964
Advances against Sale of Assets	2,200,000	—
Advances from Customers	2,447,309	1,266,974
	<u>263,412,283</u>	<u>204,744,257</u>

SCHEDULE - 11

PROVISIONS

Provision for Income Tax (Net of Advance Tax & TDS)	372,880	—
Employees Benefits	2,039,592	1,468,000
Proposed Dividend	12,000,450	9,600,360
Tax on Proposed Dividend	2,039,476	1,631,581
	<u>16,452,398</u>	<u>12,699,941</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rupees)

For the year ended 31st March,	2008	2007
SCHEDULE - 12		
SALES		
Domestic	1,353,892,411	1,171,993,798
Exports	386,157,863	266,378,650
	<u>1,740,050,274</u>	<u>1,438,372,448</u>
SCHEDULE - 13		
OTHER OPERATIONAL INCOME		
Export Benefits Received	32,294,741	17,444,541
Sales Tax Rebate Received	—	255,542
Gain on Exchange Fluctuation (Net)	—	1,739,566
	<u>32,294,741</u>	<u>19,439,649</u>
SCHEDULE - 14		
OTHER INCOME		
Interest Received (Gross)*		
Fixed Deposit	202,156	1,122,556
Others	12,275	61,260
Insurance Claim	176,458	66,415
Profit on Sale of Fixed Assets (Net)	—	1,085,458
Miscellaneous Income	1,093,589	428,704
	<u>1,484,478</u>	<u>2,764,393</u>
* Includes Tax Deducted At Source Rs. 3,25,651/- (Rs.251,648/-)		
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCKS		
Closing stock		
Finished Goods	89,473,839	53,829,138
Trading Goods	92,895,509	76,069,628
Work in Process	9,337,556	13,107,693
	<u>191,706,904</u>	<u>143,006,459</u>
Less: Opening stock		
Finished Goods	53,829,138	64,048,907
Trading Goods	76,069,628	59,341,824
Work in Process	13,107,693	11,444,099
	<u>143,006,459</u>	<u>134,834,831</u>
Increase / (Decrease) in Stock	<u>48,700,445</u>	<u>8,171,628</u>
SCHEDULE - 16		
RAW MATERIALS & COMPONENTS CONSUMED		
Opening Stock of Raw Materials	266,782,762	230,446,536
Add: Purchases during the year	892,882,738	766,030,083
	<u>1,159,665,500</u>	<u>996,476,619</u>
Less: Closing Stock of Raw Materials	288,158,151	266,782,762
	<u>871,507,349</u>	<u>729,693,857</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

(Amount in Rupees)

For the year ended 31st March,	2008		2007	
SCHEDULE - 17				
MANUFACTURING, ADMINISTRATIVE, SELLING & GENERAL EXPENSES				
Stores and Spare Parts Consumed		5,406,247		4,066,055
Power & Fuel		8,227,545		6,664,484
Processing Charges		211,896,517		165,377,699
Rent		7,866,825		5,421,876
Repairs & Maintenance				
Machinery	2,639,833		2,279,835	
Building	92,689		597,131	
Others	1,301,300	4,033,822	1,597,919	4,474,885
Other Manufacturing Expenses		769,638		775,954
Payments to and Provisions for Employees				
Salaries, Wages, Bonus & Allowances	52,196,291		40,916,671	
Contribution to Provident & Other Funds	4,394,957		4,119,379	
Workmen and Staff Welfare &				
Training Expenses	2,089,320	58,680,568	2,098,784	47,134,834
Auditors Remuneration		238,204		288,682
Miscellaneous Expenses		19,576,516		16,218,082
Insurance Charges		3,327,670		4,780,003
Rates & Taxes		485,871		418,077
Directors' Sitting Fees		129,750		126,500
Travelling & Conveyance		14,476,950		6,468,834
Postage, Telegram & Telephone		4,038,552		3,080,840
Freight & Transportation		29,963,345		25,403,307
Advertisement Expenses		29,086,697		69,094,444
Sales Promotion Expenses		4,340,217		9,038,227
Incentives on Sales		47,815,560		45,105,935
Commission on Sales		4,421,042		4,014,833
Discount Allowed		29,869,488		21,851,343
Rebate & Claim		30,321,893		23,146,993
Other Selling & Distribution Expenses		15,536,080		8,539,094
Loss on Sale of Fixed Assets		429,096		—
Loss on Exchange Fluctuation (Net)		8,867,759		—
		539,805,852		471,490,981

SCHEDULE - 18**INTEREST**

To Bank				
Fixed Loans	7,740,661		4,505,832	
Other than Fixed Loans	18,172,882	25,913,543	13,738,274	18,244,106
To Others		3,268,539		3,320,092
		29,182,082		21,564,198

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

- a) The Company prepares its accounts on accrual basis, except otherwise stated, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.
- b) Insurance and other claims/refunds are accounted for on actual receipt/acceptance basis, due to uncertainty in realization.

2. Revenue Recognition

- a) Revenue from Sale of Goods is recognized upon passage of title to the customers.
- b) Sales is exclusive of Sales Tax/Vat, rebate etc.
- c) All other income are accounted for on accrual basis.

3. Expenses

All the expenses are accounted for on accrual basis.

4. Fixed Assets

- a) All fixed assets are stated at cost of acquisition inclusive of duties, taxes, incidental expenses, erection/ commissioning expenses and interest etc. up to date the asset is ready for intended use.
- b) Depreciation on Fixed Assets is provided on straight-line method at the rates specified in Schedule XIV to The Companies Act, 1956 (as amended).
- c) Depreciation on fixed assets added/ disposed off during the year is provided on pro-rata basis with reference to the date of addition/ disposal.

5. Foreign currency transactions

- a) Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out.
- b) Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate. The effect of Exchange Rate fluctuation in respect of fixed assets is adjusted with the cost of the respective asset
- c) Forward exchange contract entered into for hedging purpose are accounted for separately from the underlying transactions. The premium/ discount on forward exchange contract is amortised over the period of respective contracts. Exchange differences on such contracts at the year end / upon termination are taken to Profit & Loss Account.

6. Investments

Investments are stated at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

7. Inventories

Inventories are valued at lower of cost and net realisable value. The basis for

SCHEDULE – 19 (Contd.)

determination of cost of various categories of inventory is as follows:

Raw Material and Components : FIFO

Finished Goods : Material cost plus an appropriate share of labour and manufacturing overheads wherever applicable on weighted average basis.

Work in Process : Material cost plus an appropriate share of labour and manufacturing overheads wherever applicable on weighted average basis.

Scrap : At Net Realisable Value.

8. Employee benefits

- a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuations. Actuarial gains and losses in respect of post employment and other long-term employee benefits are recognized in the profit and loss account.

9. Taxes on Income

Tax expense comprises both current and deferred taxes. Current tax is determined as the amount of tax payable in respect of taxable income for the year. 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 realised.

10. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalisation during the year.

11. Impairment of Assets

Impairment losses, if any, are recognized in accordance with the Accounting Standard – 28 on Impairment of Assets as specified in the Companies (Accounting Standard) Rules, 2006.

12. Provisions, Contingent liabilities and Contingent Assets

- a) Provisions are recognized in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.
- b) Contingent Liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.
- c) Contingent Assets are not recognized in the Accounts.

SCHEDULE – 19 (Contd.)

B. NOTES ON ACCOUNT (Amount in Rupees)

As on 31st March	2008	2007
------------------	------	------

- | | | | | |
|----|------|--|------------|------------|
| 1. | a) | Estimated amount of contracts remaining to be executed for Capital Expenditure and not provided for | 3,301,500 | 9,084,707 |
| | b) | Advance paid against above | 8,556,786 | 5,542,626 |
| 2. | i) | Contingent Liabilities Not Provided For : | | |
| | a) | Bank Guarantees issued in favour of The President of India and others* | 19,326,043 | 18,168,043 |
| | | *Fixed Deposit lodged as Margin Money against the above | 3,216,057 | 10,228,743 |
| | b) | Income Tax demands under appeal | Nil | 1,878,375 |
| | c) | Bills Discounted from Bank | 707,685 | 1,092,809 |
| | ii) | The Contingent Liabilities referred to in (i) above depends upon non discharge of export obligation/ outcome of appeal invocation of bank guarantee etc. | | |
| | iii) | No reimbursement is expected in respect of contingent liabilities shown in (i) above. | | |

3. Managerial Remuneration

Computation of Net Profit for the purpose of calculating Directors' remuneration:

For the year	2007-08	2006-07
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Profit Before Tax (as per profit & loss account)	59,985,035	40,386,408
Add: Directors' Sitting Fees	129,750	126,500
Directors' Remuneration	5,702,100	5,543,154
Loss on Sale of Fixed Assets	429,096	—
	66,245,981	46,056,062
Less: Profit on sale of fixed assets	—	1,085,458
Net Profit for the purpose of Directors' remuneration (As per Section 349 of the Companies Act, 1956)	66,245,981	44,970,604
Commission Payable to Non Executive Directors		
@ 1% of Net Profit	662,460	449,706
Restricted to	650,000	440,000
Remuneration paid to Managing, Whole Time and Non Executive Directors:		
Salary	4,512,100	4,563,154
Commission	650,000	440,000
Other Benefits	540,000	540,000
Total	5,702,100	5,543,154

The total remuneration as above is within the maximum permissible limit under the Act.

SCHEDULE – 19 (Contd.)

(Amount in Rupees)

For the year	2007-08	2006-07
4. a) Statutory Auditors' Remuneration		
Audit Fees	112,360	112,360
Tax Audit Fees	50,562	50,562
Other Matters	50,562	95,428
	<u>213,484</u>	<u>258,350</u>
b) Branch Auditors' Remuneration		
Audit Fees	20,224	24,714
Tax Audit Fees	4,496	5,618
	<u>24,720</u>	<u>30,332</u>
Total (a+b)	<u>238,204</u>	<u>288,682</u>

5. Sundry Creditors

The Information required to be disclosed under the Micro, Small and Medium Enterprise Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

The disclosure pursuant to the said act is as under:

i) Principal amount due to suppliers under MSMED Act, 2006	Rs.	72,640,150
ii) Interest accrued and due to suppliers under MSMED Act, 2006 on the above amounts, unpaid.	Rs.	Nil
iii) Payment made to suppliers (other than interest) beyond the appointed day during the year.	Rs.	Nil
iv) Interest paid to suppliers under MSMED Act (other than Section 16)	Rs.	Nil
v) Interest paid to suppliers under MSMED Act (Section 16)	Rs.	Nil
vi) Interest due and payable towards suppliers under MSMED Act against payments already made.	Rs.	Nil
vii) Interest accrued and remaining unpaid at the end of the year to suppliers against payments already made under MSMED Act.	Rs.	Nil

6. Segment Reporting

The business of the company falls under a single segment i.e. "Writing Instruments and Stationeries". In view of the general clarification issued by the Institute of Chartered Accountants of India for Companies operating in single segment, the disclosure requirement as per Accounting Standard 17 "Segment Reporting" are not applicable to the Company.

SCHEDULE – 19 (Contd.)

7. Earnings Per Share	2007-08	2006-07
The numerator and denominator used to calculate Basic/ Diluted Earnings Per Share		
a) Amount used as the numerator		
- Profit after Tax	(Rs.) 50,339,994	33,072,431
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	(Rs.) 10	10
d) Basic/ Diluted Earnings Per Share (a/b)	(Rs.) 6.29	4.13

8. Related Party transactions

Related party disclosure as per Accounting Standard 18 for the year ended 31st March 2008 are given below:

I) Details of transactions with related parties.

Description	Associates (A)	Key Managerial Personnel (KMP)	Other Related Parties (ORP)	Relatives of KMP (R)	Total
Purchase	4,611,803 (385,211)	—	15,749,465 (31,984,466)	—	20,361,268 (32,369,677)
Sale of Goods	13,015,633 (15,171,007)	—	173,558,344 (168,733,022)	—	186,573,977 (183,904,029)
Purchase of Fixed Assets	—	—	601,475 (2,564,750)	—	601,475 (2,564,750)
Sale of Fixed Assets	—	—	—	(1,950,000)	(1,950,000)
Interest Received	— (33,860)	—	—	—	— (33,860)
Receiving of Services	202,333 (180,000)	4,572,000 (4,588,164)	1,566,000 (1,974,000)	753,000 (168,000)	7,093,333 (6,910,164)
Rendering of Services	860,772 (400,467)	—	—	—	860,772 (400,467)
Outstanding Receivable-	3,783,822 (5,576,136)	—	33,935,076 (12,827,419)	—	37,718,898 (18,403,555)

II) Names and description of relationship of related parties and outstanding as on 31st March 2008:

Related Party	Relationship	Balance as on 31.03.2008
Associates;		
Shree Writing Aids Pvt. Ltd.	Associates	Dr. 3,780,597 Dr. (3,793,150)
Linc Retail Ltd.	Associates	Dr. 3,225 Dr. (1,782,986)
Key Managerial Personnel;(KMP)		
Deepak Jalan	Managing Director	—
Prakash Jalan	Whole Time Director	—
Aloke Jalan	Whole Time Director	—

SCHEDULE – 19 (Contd.)

Related Party	Relationship	Balance as on 31.03.2008
Other Related Parties (ORP)		
S.M. Pen & Plastics Industries Radhika Writing Instruments	} Proprietorship Concerns owned by Sri S.M. Jalan father of M.D. and W.T.D.	—
Linc Marketing Services (Goa) Linc Engineering		—
Linc Writing Aids Pvt. Ltd.	} Smt. Bindu Jalan wife of W.T.D. Substantial interest of the relatives of M.D. and W.T.D.	—
		Dr. 33,412,859 Dr.(12,827,419)
Relatives;		
Deepak Jalan (HUF)	Sri Deepak Jalan, M.D. is the Karta of HUF	—

III) There is no provision for doubtful debts and no amount has been written off / back during the year in respect of amount due from or due to related parties

IV) The significant transactions during the year with related parties are as under:

Nature of Transactions	Related Party	Amount
Purchase of Goods	S.M.Pen & Plastic Industries (ORP)	— (2,281,943)
	Radhika Writing Instruments (ORP)	12,893,549 (29,697,590)
Purchase of Assets	Linc Writing Aids Pvt. Ltd. (ORP)	275,600 (25,000)
	S.M.Pen & Plastic Industries (ORP)	16,875 (303,650)
	Linc Engineering (ORP)	309,000 —
	Radhika Writing Instruments (ORP)	— (2,236,000)
Receiving of Services	Linc Writing Aids Pvt. Ltd. (ORP)	1,260,000 (1,488,000)
Sale of Goods	Linc Writing Aids Pvt. Ltd. (ORP)	172,994,699 (168,728,186)
Remuneration	Deepak Jalan (KMP)	1,800,000 (1,800,000)
	Prakash Jalan (KMP)	1,500,000 (1,500,000)
	Aloke Jalan (KMP)	1,200,000 (1,200,000)

9. Capital Work In Progress includes Capital Advance of Rs. 8,556,786/- (Rs. 5,542,606/-).

10. a) Employee benefits in the form of Provident Fund and Employee State Insurance Scheme are considered as defined contribution plan and the contributions are made in accordance with the relevant statute and are recognized as an expense when employees have rendered service entitling them to the contributions. The contribution

SCHEDULE – 19 (Contd.)

to defined contribution plan, recognized as expense for the year are as under:

Defined Contribution Plan	Amount (Rs.)
Employers' Contribution to Provident Fund	2,788,306
Employers' Contribution to Employee State Insurance Scheme	937,288

b) Post employment and other long-term employee benefits in the form of gratuity is considered as defined benefit obligation. The present value of obligation is determined based on actuarial valuation using projected unit credit method as at the Balance Sheet date. The amount of defined benefits recognized in the balance sheet represent the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the profit and loss account for the year ended 31st March, 2008 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2008 is as follows:

	Gratuity (Funded) Amount (Rs. in Lacs)
I. Components of Employer Expense:	
1. Current Service Cost	3.93
2. Past Service Cost	—
3. Interest Cost	1.61
4. Expected Return on Plan Asset	(3.04)
5. Actuarial gain/loss recognized in the year	1.59
6. Net Expense/(Income) Recognized in Statement of Profit & Loss Account	4.09
II. Change in Present Value of Defined Benefit Obligation:	
1. Present Value of Defined Benefit Obligation at the Beginning of the year	20.38
2. Interest Cost	1.61
3. Current Service Cost	3.93
4. Actuarial Gain/(Losses)	1.20
5. Benefit Payments	(3.41)
6. Present Value of Obligation at the End of the year	23.71
III. Change in Fair Value of Plan Assets during the year ended 31st March, 2008:	
1. Plan Assets at the Beginning of the year	30.35
2. Expected Return on Plan Assets	3.04
3. Actual Company Contribution	9.22
4. Actuarial Gain/(Losses)	(0.39)
5. Benefit Payments	(3.41)
6. Plan Assets at the End of the year	38.81

SCHEDULE – 19 (Contd.)

	Gratuity (Funded) Amount (Rs. in Lacs)
IV. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2008:	
1. Present value of Defined Benefit Obligation	23.71
2. Fair Value on Plan Assets	38.81
3. Funded Status (Surplus/(deficit))	15.10
5. Net Asset/(Liability) recognized in Balance Sheet	15.10
V. Actuarial Assumptions	
1. Discount Rate (per annum)	8.70 %
2. Salary Increases	5.00 %

VI. Basis used to determine the Expected Rate of Return on Plan Assets:

The basis used to determine overall expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

VII. Basis of estimates of rate of escalation in salary

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by LIC.

VIII. As this is the first year of adoption of Accounting Standard 15 (revised 2005) on Employee Benefits, only the current year's figures have been given.

11. The Break up of Deferred Tax Liability as follows: *(Amount in Rupees)*

Deferred Tax Liability	As on 31st March, 2008	As on 31st March 2007
Tax effect of timing differences on account of :	11,289,784	11,739,482
Difference between book and tax depreciation (DTL)		
Less : Expenses allowable for tax purpose on payment basis. (DTA)	(1,295,041)	494,129
Deferred Tax Liability (Net).	12,584,825	11,245,353

12. Additional Information Pursuant to paragraph 3, 4C & 4D of Part II of Schedule VI to 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 & Plastics Components	Pcs.	*	4380.246 (3849.276)
Refills	Pcs.	*	4526.014 (4792.895)

* 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.

Note: I. No specific licence is required for the manufacture of products mentioned above.

II. Production includes products manufactured on job basis.

SCHEDULE – 19 (Contd.)

b) Opening & Closing Stock of Finished Goods Produced for Sale

Sl. No.	Description	Unit	Opening Stock		Closing Stock		Sales	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
I)	Pens	Pcs.	19,249,863 (36,703,619)	36,778,615 (49,760,538)	36,659,376 (19,249,863)	66,612,134 (36,778,615)	420,615,669 (401,884,396)	1,084,168,301 (956,921,186)
II)	Refills	Pcs.	19,663,737 (23,543,435)	15,521,720 (13,971,031)	32,013,681 (19,663,737)	20,908,527 (15,521,720)	125,502,672 (200,097,976)	221,755,751 (215,519,472)
III)	Others	—		1,528,803 (317,338)		1,953,178 (1,528,803)		35,714,957 (26,744,406)
Total				53,829,138		89,473,839		1,341,639,009
Total (Previous Year)				(64,048,907)		(53,829,138)		(1,199,185,064)

c) Opening and Closing Stock of Goods Traded in

Sl. No.	Description	Unit	Opening Stock		Purchases		Sales		Closing Stock	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
I)	Pens	Pcs.	5,724,059 (5,394,571)	61,894,695 (42,470,624)	75,373,957 (16,930,546)	188,612,721 (102,368,243)	70,864,930 (16,601,058)	239,141,683 (131,000,896)	10,233,086 (5,724,059)	74,872,815 (61,894,695)
II)	Refills	Pcs.	2,140,375 (1,231,220)	4,622,613 (2,952,046)	11,472,059 (10,874,512)	8,138,687 (18,551,395)	11,276,233 (9,965,357)	32,204,977 (27,393,186)	2,336,201 (2,140,375)	5,286,080 (4,622,613)
III)	Pencils	Pcs.	1,644,859 (4,201,512)	2,802,638 (5,957,492)	35,308,888 (20,883,527)	41,816,644 (27,095,305)	34,800,286 (23,440,180)	50,550,362 (36,021,312)	2,153,461 (1,644,859)	3,886,239 (2,802,638)
IV)	Others	—		6,749,682 (7,961,662)		54,617,293 (29,482,534)		76,514,243 (44,771,990)		8,850,375 (6,749,682)
Total				76,069,628		293,185,345		398,411,265		92,895,509
Total (Previous Year)				(59,341,824)		(177,497,477)		(239,187,384)		(76,069,628)

d) Raw Materials Consumed

Sl. No.	Items	Unit	Quantity	Amount
I)	Plastic Powder	Kgs.	3,019,566 (2,537,931)	234,068,989 (185,526,679)
II)	Ink	Kgs.	219,153 (205,509)	71,840,717 (66,472,980)
III)	Tips	Pcs.	635,376,752 (564,391,405)	200,016,198 (178,992,322)
IV)	Components for Pen / Ball Pen/ Pencils	Pcs.	924,770,767 (779,156,388)	277,839,283 (222,167,513)
V)	Others	—		87,742,161 (76,534,363)
Total				871,507,349
Total (Previous Year)				(729,693,857)

SCHEDULE – 19 (Contd.)

e) Value of Raw Materials Consumed

Particulars	Amount	Percentage
Imported	104,668,033 (109,818,925)	12.01% (15.05%)
Indigeneous	766,839,316 (619,874,932)	87.99% (84.95%)
Total	871,507,349	100.00%
Total (Previous Year)	(729,693,857)	(100.00%)

f) Value of Stores & Spares Consumed

Particulars	Amount	Percentage
Imported	113,345 (937,883)	2.10% (23.07%)
Indigeneous	5,292,902 (3,128,172)	97.90% (76.93%)
Total	5,406,247	100%
Total (Previous Year)	(4,066,055)	(100%)

	2007-08	2006-07
g) CIF Value of Imports		
Raw Materials, Components & Spares	85,968,222	93,149,012
Trading Goods	111,940,977	87,110,330
Capital Goods	14,586,687	25,820,183
h) Expenditure in Foreign Currency (On Payment Basis)		
i) Bank Interest & Commission	1,708,500	1,507,278
ii) Travelling	1,522,743	1,257,198
iii) Exhibition Expenses	1,193,799	548,631
iv) Product Designing & Testing Charges	—	347,409
v) Staff Training Expenses	—	77,875
i) Earnings in Foreign Exchange (On Accrual Basis)		
Exports on FOB Basis	382,565,766	263,655,311

13. i) Figures in brackets represents figures for the previous years.
 ii) The previous year figures have been regrouped and rearranged wherever necessary.

SCHEDULE – 19 (Contd.)

14. 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	0	3	2	0	0	8
---	---	---	---	---	---	---	---

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

--	--	--	--	--	--	--	--

 NIL Rights Issue

--	--	--	--	--	--	--	--

 NIL
 Bonus Issue

--	--	--	--	--	--	--	--

 NIL Private Placement

--	--	--	--	--	--	--	--

 NIL

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

6	7	8	2	6	8
---	---	---	---	---	---

 Total Assets

6	7	8	2	6	8
---	---	---	---	---	---

 Sources of Funds
 Paid-up Capital

--	--	--	--	--	--	--	--

 80003 Reserves & Surplus

2	4	5	3	9	0
---	---	---	---	---	---

 Secured Loans

2	8	1	4	7	7
---	---	---	---	---	---

 Unsecured Loans

--	--	--	--	--	--	--	--

 58813
 Other Liabilities

--	--	--	--	--	--	--	--

 12585
 Application of Funds
 Net Fixed Assets

1	8	8	5	9	0
---	---	---	---	---	---

 Investments

--	--	--	--	--	--	--	--

 NIL
 Net Current Assets

4	8	9	6	7	8
---	---	---	---	---	---

 Miscellaneous Expenditure

--	--	--	--	--	--	--	--

 NIL
 * (Excluding current liabilities & provisions of Rs. 279864 thousands)

4. Performance of Company (Amount in Rs. '000s)
 Turnover & Other Income

1	7	7	3	8	2	9
---	---	---	---	---	---	---

 Total Expenditure

1	7	1	3	8	4	4
---	---	---	---	---	---	---

 + - Profit/Loss Before Tax

+							
---	--	--	--	--	--	--	--

 59985 + - Profit/Loss After Tax

+							
---	--	--	--	--	--	--	--

 50340
 Earning Per Share in Rs.

--	--	--	--	--	--	--	--

 6.29 Dividend rate (%)

--	--	--	--	--	--	--	--

 15

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	S
---	---	---	---	---	---	---

Signatories to Schedules 1 to 19 forming part of the Accounts.

For G. P. Agrawal & Co.

Chartered Accountants

Sunita Kedia

Sunita Kedia
Partner

Membership No.60162

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 30th day of June 2008

For and on behalf of the Board

Deepak Jalan
Deepak Jalan
Managing Director

Prakash Jalan
Prakash Jalan
Whole Time Director

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

CASH FLOW STATEMENT

(Amount in Rupees)

For the year ended 31st March,	2008		2007	
A. Cash flow from operating activities :				
Net profit before tax		59,985,035		40,386,408
Adjustments for				
Depreciation	28,864,275		28,115,197	
(Profit) / Loss On sale/ Discard Of Fixed Assets	429,096		(1,085,458)	
Interest Income	(214,431)		(1,183,816)	
Unrealised loss/(gain) on foreign exchange fluctuation (Net)	1,673,968		952,021	
Interest expense	29,182,082	59,934,990	21,564,198	48,362,142
Operating profit before working capital changes		119,920,025		88,748,550
(Increase) / Decrease in Trade and other receivables	(59,172,193)		(58,799,976)	
(Increase) / Decrease in Inventories	(70,075,829)		(44,507,854)	
Increase / (Decrease) in Trade Payables	57,088,302	(72,159,720)	63,535,388	(39,772,442)
Cash generated from operations		47,760,305		48,976,108
Less: Direct taxes paid		4,345,477		5,331,183
Net cash from operating activities		43,414,828		43,644,925
B. Cash flow from investing activities :				
Purchase of fixed assets	(65,546,694)		(48,367,457)	
Fixed Deposit with Banks	7,611,858		1,667,818	
Sale of fixed assets	9,498,265		7,101,347	
Sale of Investments	15,000		—	
Interest Received	1,334,228		449,991	
		(47,087,343)		(39,148,301)
Net cash used in investing activities		(47,087,343)		(39,148,301)
C. Cash flow from financing activities :				
Proceeds (Repayment) of Long term borrowings	(4,704,354)		8,835,669	
Proceeds from Other Borrowings	46,986,537		19,004,167	
Interest Paid	(27,879,467)		(20,348,425)	
Unclaimed Dividend	(47,702)		219,209	
Dividend Paid	(9,600,360)		(9,600,360)	
Dividend Tax Paid	(1,631,581)	3,123,073	(1,346,450)	(3,236,190)
Net cash from financing activities		3,123,073		(3,236,190)
Net increase in cash and cash equivalents (A+B+C)		(549,442)		1,260,434
Cash and cash equivalents - Opening balance		2,776,408		1,515,974
		2,226,966		2,776,408
Cash and cash equivalents - Closing balance		2,226,966		2,776,408

Notes :

- The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statement as specified in Companies (Accounting Standard) Rules, 2006.
- Figures in bracket represent cash outflow.
- Cash and cash equivalent at the end of the year consist of :

As at 31st March,	2008	2007
a) Cash in hand	1,304,982	570,147
b) Balances with Scheduled Banks in Current Accounts	185,722	1,422,297
c) Balances in Unpaid Dividend Accounts	736,262	783,964
	<u>2,226,966</u>	<u>2,776,408</u>

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

For G. P. Agrawal & Co.

Chartered Accountants

Sunita Kedia

Sunita Kedia

Partner

Membership No.60162

7A, Kiran Shankar Ray Road

Kolkata - 700 001

The 30th day of June 2008

For and on behalf of the Board

Deepak Jalan
Deepak Jalan
Managing Director

Prakash Jalan
Prakash Jalan
Whole Time Director

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

DIRECTORS' PROFILE

SHRI SOHAN LAL KOCHAR,

76, director, a postgraduate in commerce and LLB, is a leading advisor on Income Tax matters. He brings with him a wide experience to the Board. He has been a guiding force since the very inception of the Company.

SHRI PRAHLAD RAI AGARWALA,

70, 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,

45, 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,

74, 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 also the Whole Time Director of Balrampur Chini Mills Limited, one of India's leading sugar company.

DR. RANJAN DAS,

59, director, an M.Sc (Applied Mathematics) and a Doctorate in Strategic Management. He is currently a Professor of Strategic Management at Indian Institute of Management, Calcutta. He has an impeccable record as a leading advisor in Strategic Planning and Management to several corporates. He has over 12 years experience in strategic & functional management, teaching, training, consulting and research. Prior to that he had 20 years of industry experience during which he held senior positions as GM of a MNC and MD of a Joint Sector Company.

SHRI ALOKE JALAN,

39, wholetime director, a commerce graduate with 17 years of experience in the business, he looks after the Company's marketing operations with special emphasis in the western region.

SHRI PRAKASH JALAN,

42, wholetime director, a commerce graduate with 20 years of experience in the business, he looks after Goa operations and advises on manufacturing functions of the Company..

SHRI DEEPAK JALAN,

46, managing director, a commerce graduate with 22 years of experience in the business, he is responsible for the overall operations of the Company with a specialisation in international operations.




SPEL*Linc*
WORD CRACKING

**The Winners of 2007
West Bengal**



Modern High School for Girls

Represented by : SHRUTI MENON
AMEETOSRI BASU
LABONI SARKAR



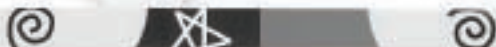
Calcutta Boys' School

Represented by : ANIRBAN PALIT
PRATIP JANA
SHUSHMAN CHOUDHURY



National Gems Higher Secondary School

Represented by : PRITHWISH NATH
DEBKALPA GOSWAMI
ARPAN ROY



5 YEAR FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2007-08	2006-07	2005-06	2004-05	2003-04
Source of Funds					
Share Capital	800.03	800.03	800.03	800.03	800.03
Reserves & Surplus	2453.90	2081.63	1863.22	1650.31	1332.71
Networth	3253.93	2881.66	2663.25	2450.34	2132.74
Borrowings	3402.91	2967.06	2676.50	2100.57	1363.77
Funds Employed	6656.84	5848.72	5339.75	4550.91	3496.51
Operating Results					
Domestic Sales	13538.92	11719.93	11374.98	10682.45	7346.00
Exports	3861.58	2663.79	2042.34	1500.74	1017.51
Total Sales	17400.50	14383.72	13417.32	12183.19	8363.51
P B I D T	1180.31	900.65	826.74	918.32	729.77
Interest	291.82	215.64	179.90	123.06	103.69
Depreciation	288.64	281.15	275.49	223.53	178.09
Profit before tax	599.85	403.86	371.35	571.73	447.99
Profit after tax	503.40	330.72	322.38	472.68	392.93
EPS	6.29	4.13	4.03	5.91	4.91
Cash EPS	9.90	7.65	7.47	8.70	7.14
Networth per Share (Rs.)	40.67	36.02	33.29	30.63	26.66
Dividend (%)	15	12	12	17	12

Linc is a regular participant at the World's Largest International Stationery Show - **PAPERWORLD** in Frankfurt, Germany



2006

Shai S.M. Jalon, Founder Linc Pen
(in Centre) with expert team

2007

Shai David Jalon (Marketing Director) &
Shai Shai Babakshani (President
International Business) with foreign Buyers



2008

Linc Position



Try not flashing it!

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