Linc Pen & Plastics Limited

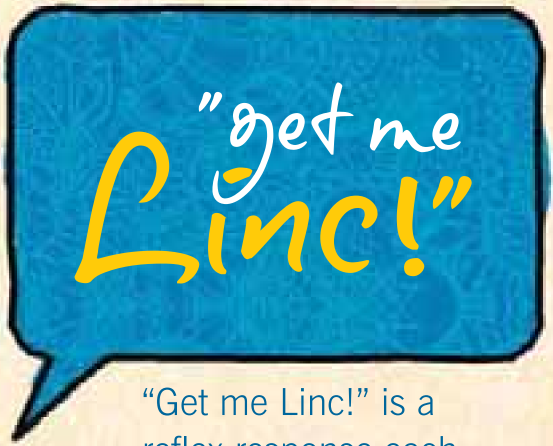
Annual Report 2011-12

LINC

Zindagi Ke Liye

Across the pages

At Linc, "Write on" is a statement of courage, character and conviction in the face of challenges.



"Get me Linc!" is a reflex response each time a consumer wants to buy a writing instrument.

The result is that Linc is a leading manufacturer, provider and exporter of writing instruments and stationery in India.

Producing about two million pens per day. Across a robust portfolio of more than 100 products.

Vision

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

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.

Core values

- We recognise that we are in business primarily to satisfy our customers
- Our performance must ultimately reflect in the increased value of the holdings of our shareholders
- Linc treats its employees and stakeholders with utmost respect and dignity
- We observe and adhere to the highest standards of ethical corporate behaviour
- We will work as a team to continuously enhance stakeholder value and serve our customers

Lineage

Linc Pen and Plastics Limited was incorporated by Mr. S. M. Jalan in 1994, went public and was listed on the Bombay Stock Exchange in 1995. Over the years, the Company established itself as one of the top three players in the writing instrument industry in India with a market share of around 10%.

Presence

- Headquartered in Kolkata with six offices pan-India
- Listed on the Bombay and Calcutta stock exchanges
- Present in more than 40 countries including the Middle East, South East Asia, Africa, the UK and USA, among others

Product portfolio

Our Product basket comprises over 200 products (mass to premium) and stationery (erasers, sketch pens, geometry boxes, wooden and disposable pencils, and office stationery, among others)

Manufacturing facilities

The Company's manufacturing facilities are located at Falta SEZ and Serakole in West Bengal with a capacity to manufacture more than two million writing instruments per day. The Company's state-of-the-art technologies produce high quality writing instruments at affordable prices.

Accreditations

- Accredited with ISO 9001:2008 certification for its manufacturing facilities, ensuring superior product quality
- Entered into distribution partnerships to market writing instruments manufactured by Mitsubishi Pencil Company Ltd. (Japan) and C. Joseph Lamy (Germany)

Revenue break-up

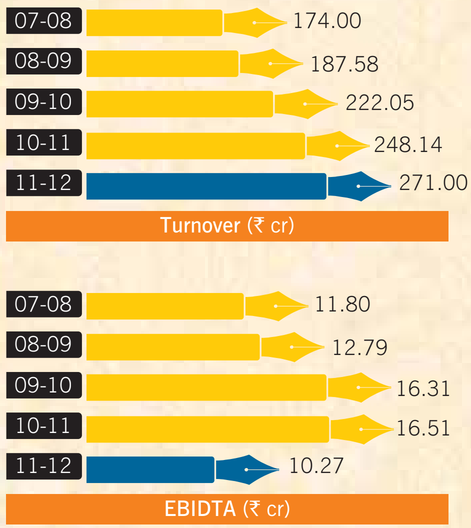
Pens	Refills	Pencils	Others
73%	10%	5%	12%
₹ 198 crore	₹ 26 crore	₹ 14 crore	₹ 33 crore

Linc's journey so far...

2012

Entered into an capital alliance with Mitsubishi Pencil Company Ltd in which Mitsubishi picks up a 13.53% stake in the Company, which will strengthen the relationship between the two companies

How we performed over the years



1995

Listed on the stock exchanges as Linc Pen and Plastics Limited

2000

Launched gel pen Hi-School for ₹ 10 each when the prevailing price for gel pens was ₹ 15-20 each, thereby widening the market

2002

Introduced 'Smart', an oil-based gel pen for ₹ 5

2003

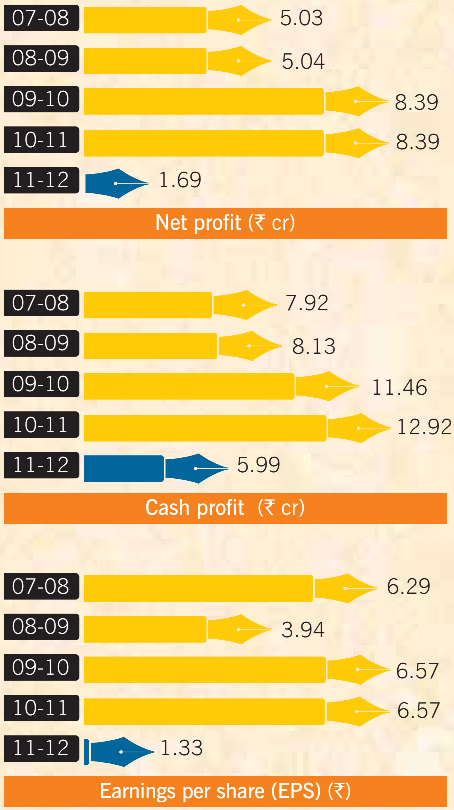
Entered the global market through private label supplies to Wal-Mart, the retail giant of USA

2011

Enlisted Katrina Kaif as the brand ambassador to promote Uni-ball products in India

2010

- Associated with two IPL teams, Rajasthan Royals and Kolkata Knight Riders, a first in India's writing instrument industry
- Associated with IIFA awards as the 'Literacy partner' held in Sri Lanka



2009

Commenced production from the manufacturing unit at Falta SEZ

2008

Strengthened its brand by signing Bollywood superstar Shahrukh Khan to endorse its products

2004

Launched retail outlets -- 'Just Linc' and 'Office Linc'

2005

Received the ICICI Bank – CNBC TV18 Emerging India Award in the FMCG category

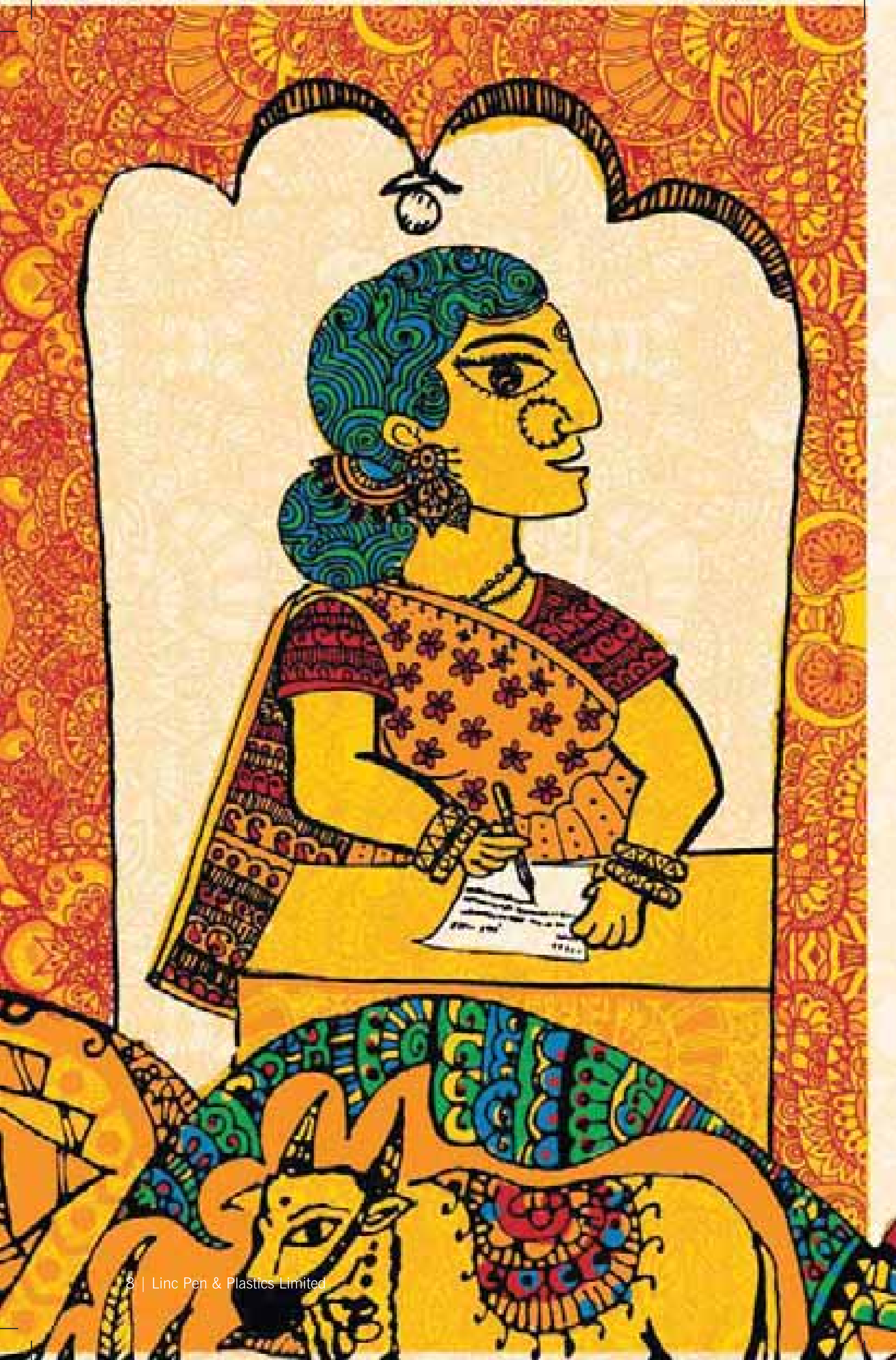
Linc is now a young and exciting

global brand...

AT LINC, WE DID NOT JUST STRENGTHEN OUR PRESENCE IN INDIA; WE VENTURED TO EXPAND OUR REACH ACROSS INTERNATIONAL GEOGRAPHIES WITH THE OBJECTIVE TO EMERGE AS A GLOBAL WRITING INSTRUMENTS BRAND.

- We penetrated six new countries, enhancing our presence to over 40 countries
- We emerged as the largest selling brand in Myanmar, Bangladesh, Sri Lanka, Yemen, and among others
- We provided products to demanding top international retailers
- We enhanced the proportion of Linc brand exports to 93% of our international revenues in 2011-12, enhancing our brand's international visibility and acceptability

As a result, the Company's exports grew 22% from ₹ 55 crore in 2010-11 to ₹ 67 crores in 2011-12.



Linc is next door, round the corner and wherever *you want it*

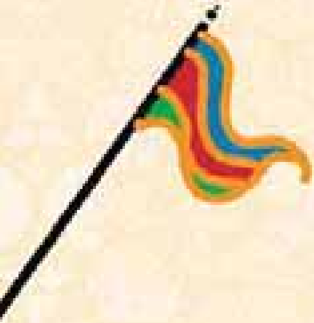
AT LINC, WE REINFORCED OUR ENTRENCHED DISTRIBUTION NETWORK WITH SUPERIOR PROMOTIONS AND BRAND RECALL, LEADING TO ENHANCED VISIBILITY.

- We created a formidable distribution network comprising seven branches, 47 exclusive channel partners, 2300 distributors and 279 sales representatives
- We strengthened our presence in western and southern India by adding over 150 distributors
- We widened our product offering for all sections of society – mass, semi-premium and premium segments, covering various price points
- We associated with Katrina Kaif to enhance the appeal and visibility of our Uni-ball brand
- We associated with four IPL teams – Kolkata Knight Riders, Deccan Chargers, Kings XI Punjab and Rajasthan Royals – to enhance our visibility

As a result, the average realisation per writing instrument improved from ₹ 3.29 in 2010-11 to ₹ 3.49 in 2011-12.

Linc is Linc plus

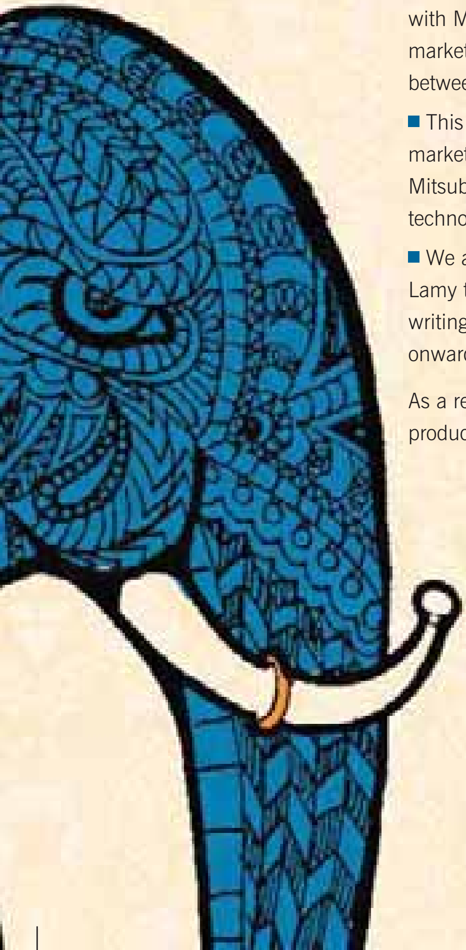
Uni-ball plus lamy



AT LINC, WE EXTENDED BEYOND THE MANUFACTURE OF MASS SEGMENT PRODUCTS TO THE MARKETING OF SEMI-PREMIUM AND PREMIUM PRODUCTS THROUGH STRATEGIC ALLIANCES WITH GLOBAL MAJORS.

- We entered into an exclusive marketing deal with Mitsubishi Pencil Company Ltd, Japan, to market the Company's Uni-ball brand priced between ₹ 20 and ₹ 300
- This relationship will leverage Linc's sales, marketing and production capabilities and Mitsubishi's product development and technological prowess
- We associated with German major C. Joseph Lamy to market the Company's premium brand of writing instruments in India priced from ₹ 550 onwards

As a result, the value-added products in the total product mix increased by 1%.



From the MD's desk

Mr. Deepak Jalan, Managing Director, Linc Pen & Plastics Limited, communicates the Company's performance in 2011-12

On the Company's performance

THE YEAR UNDER REVIEW WAS ONE OF THE MOST CHALLENGING IN THE HISTORY OF THE COMPANY'S EXISTENCE. THE COMPANY REPORTED A SALES GROWTH OF 9% FROM ₹ 248 CRORE IN 2010-11 TO ₹ 271 CRORE IN 2011-12. OUR PROFITS AND MARGINS WERE SUBDUED FOLLOWING A SPIKE IN THE COST OF KEY RAW MATERIALS.

On the highlights of the Company's performance

The Company reported the following highlights during the year under review:

- Registered a 22% growth in exports from ₹ 55 to ₹ 67 crore and penetrated six countries, increasing the Company's presence to more than 40 countries; exports accounted for 25% of the Company's revenues in 2011-12 compared with 22% in the previous year
- The Company earlier exported pens to retail giants without its brand name. This proportion has declined to a negligible 7% today, strengthening its brand Linc visibility globally
- Entered into a capital alliance with Japan's Mitsubishi Pencil Company Ltd by which Mitsubishi will subscribe to 20 lac equity shares of the Company at ₹ 100 each, comprising 13.53% of the Company's capital on a preferential allotment basis. The intent of this deal is to substantially increase the proportion of the Uni-ball brand in Linc's sales revenue from 15%
- Launched a premium range of products – 'Cruiser' at a price range of ₹ 1100-11000, positioning it in the premium category of the Company's product portfolio with correspondingly high margins
- Invested ₹ 12.80 crore in branding and advertisement by associating with Shahrukh Khan, Katrina Kaif and four IPL teams, resulting in enhanced brand visibility
- Invested ₹ 4 crore to purchase equipment, moulds and automisation
- Bagged a large order worth ₹ 11.5 crore from Wipro Ltd to supply 4.5 crore pieces of pens, the largest corporate order in the Company's existence

On the challenges faced by the Company

Some of the challenges encountered by the Company during the year under review comprised the following:

- Raw material costs increase owing to an increase in the cost of crude products and polymers while it became increasingly difficult to pass on the cost increase to our consumers

- The government increased the excise duty (without CENVAT) from 1% to 2%, impacting our operating profits
- The higher cost of debt doubled our interest outflow, impacting our bottomline

On the measures taken to counter these challenges

The Company responded to these challenges through the following initiatives:

- Strengthened process efficiencies, sizes, designs and product weight leading to optimum raw material utilisation to safeguard against rising costs
- Stronger focus on exports by penetrating new geographies
- Strengthened sales and distribution in southern and western India where we possess a low market share
- Increased the proportion of value-added products by climbing the value chain; launching new products in the semi-premium and premium segments
- Enhanced quality and strengthened the brand to engage in a price war wherever necessary
- Accelerated product development, leading to the introduction of 11 new products

On strengthening the Company's competitive position

The Company chalked out the following measures to accelerate growth in the coming years:

- Widen its international presence by spreading the brand globally
- Increase the volumes of product lines to drive revenue growth
- Enhance the product mix of value-added products in the portfolio to strengthen margins
- Add capacity to improve production volumes
- Invest in promotional activities to enhance brand exposure
- Develop and launch new and innovative products

Strengths

Linc is amongst the top three brand in India's writing instruments space with over 10% market share

Alliances
Linc prides itself on its associations with leading global companies like Mitsubishi Pencil Company Ltd (Japan) and C. Joseph Lamy (Germany) among others.

Portfolio
Linc's large product basket caters to all sections of society. Its wide range of products accommodates and provides for the mass and premium segments.

Brand
Linc is increasingly a generic name for the writing instruments industry in India. The Company associated with IPL teams and is endorsed by Shahrukh Khan and Katrina Kaif, resulting in enhanced visibility.

Retail
Linc's products are distributed by top international retailers.

Exports
The Company enjoys a presence in more than 40 countries especially in South East Asia. The Company's exports constituted 25% of the total revenue in 2011-12.

Reach
Linc's distribution network services over 1 lac retail outlets.

Market share
Linc is the largest writing and stationary brand in Eastern India, and the second-largest stationary brand in India.

Pioneer
The Company was the first in the industry to launch quality products at affordable prices. It introduced gel pens for the mass segment at a price point of just ₹ 5, a third of the prevailing price, widening the market.

Business strategy

	Strategic intent	Strategies
Market leadership	Emerge as the number one writing instrument manufacturer in India	■ Improve top-of-the-mind recall through marketing communication initiatives aimed at dealers and end users through seminars and demos at national and international exhibitions ■ Strengthen relationships with dealers and institutional clients to enhance sales ■ Introduce innovative products through the existing network in countries with a good market for our products ■ Enter into the premium and luxury segment of pens, a niche market
Expand reach	Facilitate the availability of the Company's products domestically and internationally	■ Increase penetration in the domestic market by expanding the distribution network and reaching customers through new marketing channels ■ Open outlets across all major cities in the country to ensure continuous product availability ■ Improve our presence in foreign markets by exporting our products to new countries ■ Improve our hold further in South and West India
Quality	Manufacture high-quality products and create industry benchmarks by delivering higher price to value ratio	■ Develop products with a high performance-price ratio ■ Establish trust for our products and respect for the brand by leveraging our brand equity ■ Conduct stringent checking at every stage of manufacturing to minimise rejections ■ Conduct tests to optimise writing efficiency across various angles ■ Deliver 'value for money' products to price conscious customers by creating affordable price points of ₹ 4-7, without compromising in quality

Progress	Validation
■ Emerged as India's third-largest pen manufacturer ■ Bagged a contract worth ₹ 11.50 crore to supply 4.5 crore pens to Wipro Ltd, which is the largest order book till date	10% Market share in the organised writing industry in 2011-12
■ Increased exports, resulting in a widened international presence across 40 countries ■ Exported pens to top retailers in UK ■ Added over 350 new distributors	22% Increase in exports in 2011-12
■ Accredited with ISO 9001:2008 certification for its manufacturing facilities ■ Integrated vertically with modern facilities, strong in-house research and product development capabilities	1% Reduction in rejection rates in 2011-12

	Strategic intent	Strategies
Operational excellence	Manage productivity consistently, leading to optimal use of time, assets and energy	■ Invest in improving production capacities to achieve economies of scale and strengthen our competitiveness ■ Continuously work to enhance our operational productivity to achieve one of the most competitive manufacturing costs in the industry ■ De-bottleneck our production capacity to enhance output and improve average plant capacity utilisation
Branding	Position ourselves as the most preferred brand for writing instruments and stationery	■ Establish trust for our products and respect for the brand by leveraging our brand equity ■ Position ourselves strategically as the leading writing instruments provider to cater to retail and institutional clients ■ Invest proactively in branding activities by allocating a certain percentage of our annual revenues for advertisements and marketing
Customer focused	Appeal to cost-conscious customers by offering products at a better price-to-value ratio	■ Diversify into new geographies to cater to global clients ■ Innovate new products through continuous research ■ Offer products that exceed customer expectations by advancing our core competencies ■ Cater to the mass segment by offering economically priced better value products that are unique in their price-to-performance ratio ■ Launch premium pens under the 'Cruiser' brand whose price starts from ₹ 1100 onwards

Progress	Validation
■ Automated processes through hydraulic and PLC-based machines, leading to productivity enhancement and lower energy costs ■ Started zip seal packing to make packing attractive and convenient for clients	75% Plant capacity utilisation in 2011-12
■ Associated with Shahrukh Khan, Katrina Kaif and four IPL teams to enhance brand visibility and improve top-of-the-mind brand recall	5% Investment in branding and advertising activities as a percentage of total sales in 2011-12
Increased the number of products available in the price band of ₹ 10 and above segment	200 plus Products offered by the Company

Management discussion and analysis

Indian pens industry

The size of the Indian pen industry is estimated at around ₹ 2,600 crore, of which, the estimated organised market is around ₹ 2,100 crores. Linc enjoys a market share of 10% and emerged as the third-largest player in the Indian pen industry and the market leader in the Eastern India. The estimated demand for pens annually lies between 1,600-2,400 mn units.

Indian stationery market

'Stationery' comprises paper and office supplies, writing instruments, colours, glue and pencil cases, among others. India accounts for more than 50 organised and unorganised stationery brands. A number of premium international brands are present in India either independently or through collaborations with Indian manufacturers and distributors; these include Reynolds, Parker, Cross, Mont Blanc, Cartier, Pierre Cardin, Episode, Frazer & Haws, Christian Dior and Waterman.

The bulk of the market share in India is moving from the unbranded to the branded sector. The market is segmented on the basis of the following target audience:

- Students
- Frequent users (in offices across commercial and public establishments)
- Occasional users (housewives and literate manual workers)

India's literacy rate is a high 74%, catalysing the use of ball or fountain pens. The pen demand among students is witnessing a healthy growth as this segment is more brand-conscious than the employed section where the demand is stagnant.

Category	% user share
Students	55-60
Commercial	20-25
Multi-level	15-20

Ball point pens dominate the market, accounting for 70% of the total demand, followed by gel pens at 20% and fountain pens at 4%. The use of fountain pens have virtually disappeared except when used as a luxury option. Nearly 85% users use blue, black and red ink.

ABOUT 80% OF INDIA'S PEN INDUSTRY REVENUE IS DERIVED FROM PENS WITH A PRICE RANGE OF UP TO ₹ 15

The pricing of pens and stationery products is an important driver of offtake covering the following points:

- About 80% of India's pen industry revenue is derived from pens with a price range of up to ₹ 15
- A small percentage of pens are priced between ₹ 100 and ₹ 300
- The super-premium segment (prices beyond ₹ 100,000) accounts for a small portion
- While the market for lower price pens is growing annually at 7-8% the mid range market is growing at 8-10%

Factor that catalyse the consumption of writing instruments in India:

- **Favourable demographics:** India's population is 1.3 billion – the second-largest in the world. Of this, 60% is below 30 years of age – the largest such population in the world. The potential market for companies providing educational services is thus, immense. Compared to other developing nations, Indian demographics are skewed in favour of a youthful population, leading to continued demand for education-

₹ 2,600
Size of Indian pen industry

10%
Market share of Linc

70%
Proportion of ball point pen in the Indian pen industry

74.04%
India's literacy rate in 2011-12

THE 2011 CENSUS' PROVISIONAL DATA SHOWED THAT INDIA'S EFFECTIVE LITERACY RATE ROSE FROM 64.83% TO 74.04% IN 2011

related services

- **Growing literacy in India:** The 2011 census' provisional data showed that India's effective literacy rate rose from 64.83% to 74.04% in 2011. Growth in literacy as well as per capita income (₹ 46,492 in 2010 to ₹ 54,835 in 2011) should ensure direct growth of stationary and writing instruments.

- **Government expenditure on education:** India has a long way to go regarding its education expenditure. Alongside Russia, Brazil and China, it falls into the category of countries spending only 2-4% of their GDP on education. Developed countries spend around 5-6%. India's vast youth population requires the support of a significant increase in expenditure to turn it into a resource-driven force. The government plans to increase education expenditure from the current GDP of 3% to 5%.

Regulatory changes

- **The PPP model for education proposed in the 11th Five Year Plan**

The proposal intends to minimise governmental and social control, utilising public funds to privatise and commercialise education. It plans to set up 6000 model schools in the area of secondary education, affiliated to CBSE, of which 2500 (Jawahar Kendriya Vidyalayas) will be based on the PPP model to provide quality education in backward regions.

- **Budget 2011-12**

In 2011-12, over ₹ 520 cr. was allocated to the education sector, an increase of 24%. School education allocation was increased from ₹ 310.36 bn in 2010-11 to ₹ 389.57 bn. The allocation for Sarva Siksha Abhiyaan was increased from ₹ 150 bn. to ₹ 210 bn. While ₹ 52.54 bn was allocated for universities. The University Grants Commission allocated ₹ 56.60 bn. for technical education and ₹ 9.43 bn. for National Mission in Education. Educational scholarships were introduced for underprivileged SC/ST students studying in classes X through XII. These steps will catalyse the demand for writing instruments and stationery products.

Government initiatives

- **Kasturba Gandhi Vidyalayas**

India faces serious gender-based educational discrimination, leading to low female literacy rates. This discrimination is lower at primary levels, compared with a much slower decline at

THE INDIAN STATIONERY MARKET IS EXPECTED TO GROW AT A CAGR OF 20% OVER THE NEXT THREE YEARS.

higher levels. To improve female literacy, the government set up 800 Kasturba Gandhi Vidyalayas for girls, in addition to the 410 schools set up through the Sarva Siksha Abhiyan.

- **Sarva Shiksha Abhiyan:** SSA, a comprehensive plan providing free education to children between the age group of 6-14, was launched by the government in 2001 with an initial outlay of ₹ 7000 cr. As per the PAISA 2011 report, the country's SSA budget (central and state share) has more than doubled between 2009-10 and 2011-12, up from ₹ 26,169 crore to ₹ 55,746 crore.

- **Rashtriya Madhyamik Shiksha Abhiyan (RMSA)**: RMSA was initiated to universalise secondary education and implemented in the 11th Plan with an initial outlay of ₹ 20,120 cr. The government has proposed setting up of 6,000 schools at block level in the 12th Five Year Plan and set up a Credit Guarantee Fund for better flow of credit to students

Outlook

Advancing technology, a rising population and increasing literacy could help India's stationery product market touch US$ 155.40 bn. by 2013.

The Indian stationery market is expected to grow at a CAGR of 20% over the next three years. Due to the government's thrust on education, demand for writing instruments is expected to accelerate.

25.52%

Increase in allocation in school education by government

113%

Increase in allocation for Sarva Siksha Abhiyaan in 2011-12 over 2010-11

6,000

Number of schools proposed to be set up in the 12th Five Year Plan

US$ 155.40 billion

Expected size of Indian stationery market by 2013

Business driver: Raw material management

Energy and process efficiency

Efficiency and productivity

The manufacture of superior writing instruments is based on the use of quality raw materials. Linc is a quality-driven manufacturer that uses the best quality of plastic granules, ball and gel pen tips, ink, springs and stamping foil as raw material.

Polymer granules

Pen shells are made from the following polymer granules:

- **Polypropylene (PP):** This is a hard, tough, and mouldable polymer used mostly in the barrels of use-and throw pens and refills. For instance, the transparency in Ocean Gel is brought about by the use of a random copolymer PP.
- **High density polyethylene (HDPE):** HDPE is used wherever flexibility and strength are required, like in the manufacture of caps, plugs and adopters of ball pens.
- **General Purpose Polystyrene (PS):** This versatile, rigid and firm polymer is used in the manufacture of transparent ball pen barrels. General Purpose Polystyrene is clear, hard and brittle apart from having a relatively low melting point suitable for injection moulding applications.
- **Styrene acrylonitrile copolymer (SAN):** Due to its strength and mechanism this is used for making transparent barrels of expensive pens.
- **Polyacetal:** This material is used in the pen mechanism to deliver strength.
- **Acrylonitrile butadiene styrene (ABS):** The Company uses this material in the manufacture of clips, plugs and knobs on account of its low density and strength.
- **Thermoplastic elastomer:** This combination of elastomers and thermoplastics rubbers can be stretched easily and used in the grip of writing instruments to enhance writing comfort.
- **Polycarbonate:** The challenging polymer is used in transparent caps where the locking material remains durable despite repeated cap opening and closing.
- **Masterbatches:** These granular colour concentrates are mixed with a high flow polymer vehicle, normally LDPE or EVA.

LINC IS A QUALITY-DRIVEN MANUFACTURER THAT USES THE BEST QUALITY OF PLASTIC GRANULES, BALL AND GEL PEN TIPS, INK, SPRINGS AND STAMPING FOIL AS RAW MATERIAL

Tips

Following India's emergence as a quality tip manufacturer, the Company's import dependence for the product declined. Indian tips are now globally popular; paucity strengthened prices in India during the year under review.

- **Brass tips:** The tip which is made of brass with a 0.8 and 1mm stainless steel ball is cheap, easy to produce and suitable for ordinary writing as well as priced economically.

- **Brass nickel plated tips:** These are widely accepted as they provide consistency in writing, and they are used in normal ball pens with a .7 to 1.20 mm ball diameter.

- **Nickel silver tips:** A new wire NS was developed to enhance writing quality. The tip lasts longer and quality of writing is better. They are normally made with 0.5 and 0.6 mm balls for fine writing. They are imported from Switzerland, Germany and the US.

- **Stainless steel tips:** These are the most expensive tips and of stainless steel wire with TC ball.

- **Gel tips:** These are used with water-based gel ink. They are developed with SS/NS wire and a special TC ball and ceramic, which makes them look like a ball pen. These are made with 0.28 and 1mm special balls.

Ink

The choice of ink supplier is critical. Many varieties of ink are imported. Linc uses the following in gel pens and ball pens:

- **High viscosity ink:** It is the kind found in most stick pens and the ink is thick and common.

- **Liquid ink:** It is held in a reservoir in the pens barrel. It gives greater ink capacity by occupying most of the length and width. This ink flows smoothly and provides a constant colour density.

- **Oil-based ink:** It has low viscosity, provides friction free and vivid ink delivery. It is water resistant, quick drying and smear-proof.

- **Gel ink:** It is thinner than oil-based ink with smooth flow, dense colour and facilitates brighter vivid colours

Business driver: Marketing and distribution

Global reach

Regional diversification

Success in the stationery industry is derived from easy product availability derived from a strong distribution network. Linc's distribution presence, national and international, is significant. Products exported include gel pens, ball-point pens and stationery items.

22% Growth in export revenues	4% Growth in domestic sales
6 New countries ventured into	11 New products launched
25:75 Export domestic sales proportion (22:78 in 2010-11)	18% Increase in distributors

ACHIEVED 22% EXPORT GROWTH FROM ₹ 55 CR IN 2010-11 TO ₹ 67 CR IN 2011-12

International market

Key highlights, 2011-12

- Achieved 22% export growth from ₹ 55 cr in 2010-11 to ₹ 67 cr in 2011-12
- Expanded presence in six new countries with total presence in over 40 countries
- Started distribution of Linc products in China
- Achieved number one position in a few countries and ranked among the top three in others
- Launched four products - Offex, Elantra, Ocean Slim and Lazor Ink tank.

Outlook

- To expand its footprint in Africa and South America; add five new countries every year
- To attain number one position in the countries of presence
- To introduce more stationery items

Domestic market

Key highlights, 2011-12

- Achieved 4% growth, owing to East India being affected by elections and infrastructure changes
- Undertook cost-cutting measures
- Reduced sales force from 330 to 280 through a merger of divisions; reduced schemes, exhibitions and inventory, among others
- Awarded dealers with membership cards to 'Club Linc', motivating them to perform better
- Launched a new retractable pen called Mr. Click
- Held school promotions in major cities.

Outlook

- Penetrate deeper into markets
- Build a superior distribution model with a deeper local presence
- Increase focus on the semi-premium and premium product range

Operational excellence

Rich operational tradition

In a business that uses diverse raw materials, operational efficiency helps enhance process competence. Over the years, the Company invested in equipment upgradation and training to enhance operational efficiency.

Key highlights, 2011-12

- Improved the quality system in the assembly unit through training and supply chain management
- Registered a decline in process rejects from 3% in 2008-09 to 2% in 2011-12
- Purchased new assembly machines which automated operations and reduced manpower costs
- Acquired injection moulds and shrink unwrapping machines
- Initiated the CPM-critical path method to ensure timely delivery
- Minimised the cleaning process of refills due to modifications in the machine process
- Imparted manual training, which emphasised each operational process
- Minimised online wastage
- Achieved 70-75% capacity utilisation

Outlook

- To add more assembling units to automate operations and reduce manpower cost
- To enhance plant capacity utilisation
- Improve process efficiency by reducing bottlenecks and improving delivery time

Business driver: Quality

Excellence in product supply

Ensuring product reliability

Quality binds customers in a competitive writing instruments industry. Over the years, Linc has delivered superior quality derived from a process discipline that is captured in its ISO 9001:2008 certification. This quality discipline is translated into world-class products, growing international presence and supply relationships with global retail giants.

Key highlights, 2011-12

- Emphasised online checking at each manufacturing stage of the production line
- Conducted frequent quality meetings to resolve quality issues
- Strengthened training, culture and supply chain management
- Installed new assembly machines; conducted batch testing for testing tips and ink
- Minimised rejection by 1% owing to stringent quality checks at every production stage; conducted the timely repair of tools to minimise downtime and rejects
- Tested raw material quality to ensure product consistency
- Initiated the creation of 8Ds of defects wherein all defects were recorded in a report and complaints were addressed immediately with the root cause analysis preventing recurrence

Intellectual capital

"Success will not lower its standard to us.
We must raise our standard to success."

- Rev. Randall R. McBride, Jr

At Linc, our HR practices not only enhance employee capability but motivate them to go beyond their routine responsibilities.

We introduced upgradations in workforce planning, recruitment, induction, orientation and on-boarding, training and development, payroll, employee benefits administration, performance appraisal and organisational development. This pairing of functional responsibility with relevant skills enhances job satisfaction.

Our HR initiatives helped improve performance, corroborated through the following figures:

- An increase in manpower from 488 employees in 2007-08 to 729 in 2011-12

Our initiatives focused on holistic developments as 25% of our employees were with the Company for more than five years, translating into enriched knowledge. The Company signed a memorandum of settlement with worker unions to facilitate smoother plant working on 1st of April 2011.

Recruitment: Recruitments were made to plug specific requirements. The Company utilised print advertisements, professional consultants, campus recruitments and job portals to select talent.

Training and development: Recruits underwent a structured, exhaustive training programme. Need-based training helped develop and enrich skill-sets.

Performance appraisal: A transparent and well-structured appraisal system facilitated increments and promotions to deserving employees.

Incentives: Employees were provided benefits: Personal accident coverage, special leaves for anniversaries, birthdays and wedding gifts. The Company offered an education allowance for up to two children, workers and support staff. Compassionate leave, in case of death of an immediate family member, was introduced. The Group Mediclaim Policy, with a ₹ 1 lac coverage for each employee, was provided.

Beyond business

> "Our responsibility as privileged human beings is to pay back for the opportunities we've received."
>
> - Kathryn Anastos

SPEL *LINC*

- A popular annual inter-school spelling competition was organised for those above 14 years from classes VIII through X. This tested their English vocabulary and linguistic skills.
- From just six cities, the competition witnessed encouraging participation covering more than 4.5 lac students.
- SPEL *LINC* was hosted in several Indian cities, including Kolkata, Delhi, Mumbai, Bengaluru, Chennai, Kanpur and Lucknow, among others.
- The Company developed a guidebook for students, which contained a list of 1,000 common misspellings. Called 'Spell Right', the book helped improve students' vocabulary.

To teachers with love

Linc celebrated Teacher's Day and acknowledged the significant contribution of teachers to the nation's development. In a collaboration with 'Dhwani', a multilingual quartet of singers from Kolkata, Linc organised musical shows across the country. Alongside Delhi, Mumbai, Chennai and Kolkata, these shows also toured in Hyderabad, Bengaluru, Asansol, Ranchi, Jaipur, and Jamshedpur. As a measure of gratitude, Linc awarded gift hampers to all teachers who attended the programme.

Countering risks
and maximising returns

Risk can be defined as an expression of uncertainties and possible outcomes that could have material impact on the performance and prospect of a company. A responsible corporate identifies, assesses and takes proactive measures to minimise potential loss arising due to exposure to particular risks on one hand while maximising returns on the other.

Linc has a comprehensive risk management model with strict norms and reporting framework. The risk management discipline ensures that the initiatives reach all levels for effective implementation. The risk management policy is attuned to the strategic direction of the Company.

Industry risk

Risk definition	Risk mitigation
A slowdown in the pens and stationery industry can impact the growth of the Company	■ The Company's products are targeted primarily at the mass market, schools and offices largely unaffected by the slowdown ■ The share of the organised pens industry is increasing owing to superior quality, brand awareness and a wider distribution network ■ India's writing instruments is expected to grow, driven by modern lifestyles, government initiatives, education, enhanced literacy and economic growth

Geographic risk

Risk definition	Risk mitigation
An overdependence on any particular region could threaten revenues	■ The Company's exports accounted for 25% of the total turnover at ₹ 67 crore in 2011-12 ■ The Company supplied pens top global retail giants ■ The Company entered six countries in 2011-12 and now enjoys a strong presence in more than 40 countries ■ The Company emerged as the number one brand in few countries where it exports its products

Competition risk

Risk definition	Risk mitigation
Increased competition from unorganised players in the industry could affect the prospects of the organised players	■ The Company has an extensive product line covering ball point and gel pen segments at price points starting from as low as ₹ 4 each ■ The Company is amongst the top three players in the organised sector in the country with a market share of 10% and a market leadership in East India ■ The Company's products are economically priced to allow better value for retailers; the products represent an attractive price-to-performance ratio

Product portfolio risk

Risk definition	Risk mitigation
Inability to enhance the product basket could lead to business stagnation	■ The Company added 11 products to its product basket during the year under review (total over 200 products) ■ The Company forayed into the premium segment under the 'Cruiser' brand with an enviable range of products in the premium gift segment ■ Entered strategic alliances with leading international companies like Mitsubishi Pencil Company Ltd (Japan) and C. Joseph Lamy (Germany) to market value-added products ■ The Company diversified into stationery products by launching its range of wooden pencils, erasers, sharpeners, rulers, markers, gums, glitter pens, geometry boxes, and office stationery products, among others, broadening its product line and maintaining a healthy portfolio mix

Brand risk

Risk definition	Risk mitigation
Inability to achieve top-of-the-mind customer recall will affect the Company's brand	■ The Company had roped actor Shahrukh Khan as its brand ambassador ■ The Company associated with four IPL teams, resulting in improved national visibility ■ The Company appointed actor Katrina Kaif as the brand ambassador for the Uni-ball range of pens manufactured by Mitsubishi in order to improve brand recall ■ The Company developed a strong brand around the delivery of qualitatively superior and yet affordable products to students

Quality risk

Risk definition	Risk mitigation
Inability to provide consistent quality of products can dent the brand	■ The Company undergoes multi-stage quality checks from raw material procurement, assembly to finished goods delivery ■ The Company ensures that its products are checked batch-wise at regular frequencies ■ The Company follows 8Ds of defect rectification, enabling it to identify problems/defects and take necessary corrective action at the earliest ■ The Company's rejection rate declined from 3% in 2008-09 to 2% in 2011-12, owing to stringent quality initiatives ■ The Company's manufacturing facilities are ISO 9001:2008-certified for quality consistency

Directors' report

Dear Shareholders,

Your Directors have pleasure in presenting their 18th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2012.

Financial Highlights

(₹ in Lacs)

		2011-12	2010-11
Sales & Other Operational Income		27504.89	25364.77
- Other Income		14.66	39.51
- Profit before depreciation, interest and taxation		1027.47	1651.50
- Finance Cost		378.04	208.06
- Depreciation		430.21	361.95
- Profit before Tax		**219.22**	**1081.49**
- Provision for Taxation	– Current	43.90	220.50
	– Deferred	3.92	21.02
	– Income Tax for earlier years	1.78	–
Profit after Tax		**169.62**	**839.97**
Add: Credit Balance of the previous year		267.40	195.80
Amount available for Appropriation		437.02	1035.77
Transfer to General Reserve		–	500.00
Proposed Dividend		127.87	230.15
Corporate Tax on Dividend		20.74	38.22
Balance carried to Balance Sheet		288.41	267.40

Dividend

Your Directors recommend a Dividend of ₹ 1.00 per equity share (previous year ₹ 1.80 per equity share) for the year ended 31st March, 2012.

Financial Performance

Performance: During the year under review, the Company's Sales (incl. Other Operational Income) increased by 8.44% to ₹ 27504.89 lacs as compared to ₹ 25364.77 lacs during the preceding year. The Company spent ₹ 1280.35 lacs (4.7% of Sales) on Advertisement in 2011-12 as compared ₹ 847.59 lacs (3.4% of Sales) in 2010-11. The Profit after Tax during the year was ₹ 169.62 lacs.

Finance Cost: The Finance cost was up by 81.69% at ₹ 378.04 lacs in 2011-12 from ₹ 208.06 lacs in 2010-11. The Finance Cost / Turnover was 1.39% in 2011-12 as compared 0.83% in 2010-11.

Working Capital: The year-end debtors are 44 days of the sales for the year as compared to 32 days in the previous year. The inventory holding is for 84 days' sales as compared to 98 days in the previous year.

Fixed Assets: The Company spent ₹ 597.44 lacs on acquisition of Fixed Assets, mainly consisting of moulds and machines at existing facilities.

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, 2012 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 BSE Limited (BSE), and The Calcutta Stock Exchange Limited (CSE).

Directors

During the year Shri P. R. Agarwala, Independent, Non-Executive Director of the Company, resigned from the Directorship with effect from 11th November, 2011. The Directors have placed on record their sincere appreciation for the very valuable contribution made by Shri P. R. Agarwala during his tenure as a Director.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Shri Naresh Pachisia and Shri Aloke Jalan, 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, 1988 is annexed as Annexure - C.

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.

Auditors

Your Directors request you to appoint 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

Place : Kolkata
Dated : 28th May 2012

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

Annexure – C

A. Conservation of Energy

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

1. Regular preventive maintenance of all equipment for better efficiency.
2. Improvement of electrical power load factor.
3. 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 simultaneously carrying on continuous education and awareness programmes for its employees on energy conservation. But no major specific investment proposals are envisaged.

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

The Company is not a major energy-user. However, the measures taken by the Company will result in saving 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:-** Development of innovative packaging and products for export markets along with improvement in quality and cost. Regular participation in important international fairs/exhibitions held worldwide. Finally, a special emphasis on marketing Company's products in Africa and Central Asia.

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 – ₹ 3365.72 lacs

Foreign Exchange Earned – ₹ 6643.73 lacs

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. Good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to shareholders and simultaneously enables 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 seven, whose composition is given below:

- 3 Promoters, (out of which two Executive Directors)
- 4 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 Chairmanship of other Board Committee+
Shri Deepak Jalan	Promoter, Executive	1	Nil
Shri Prakash Jalan	Promoter	1	Nil
Shri Aloke Jalan	Promoter, Executive	Nil	Nil
Shri S. L. Kochar	Independent, Non-Executive	1	1 (as Chairman)
Shri Naresh Pachisia	Independent, Non-Executive	8	6 (as Member)
Shri K. N. Ranasaria	Independent, Non-Executive	Nil	Nil
Dr. Ranjan Das	Independent, Non-Executive	1	Nil

** Directorships in Private Companies are not included*

+ Only covers membership / chairmanship of Audit Committee and Shareholder / Investor Grievance Committee.

Shri P. R. Agarwala, Independent, Non- Executive Director has been resigned from the Board w.e.f. 11th November, 2011.

There is no permanent Chairman in the Board. None of the Directors is a member of more than ten Committees or Chairman of more than five Committees across all Companies.

Attendance of each director at the board meetings and the last annual general meeting

During the financial year ended March 31, 2012, five Board Meetings were held on 30th May, 2011, 30th July, 2011, 11th November, 2011, 11th February, 2012 and 27th March, 2012. 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 08.09.2011
Shri S. L. Kochar	5	Present
Shri Naresh Pachisia	3	Leave of Absence
Shri K. N. Ranasaria	5	Present
Dr. Ranjan Das	3	Leave of Absence
Shri Deepak Jalan	5	Present
Shri Prakash Jalan	1	Leave of Absence
Shri Aloke Jalan	3	Leave of Absence

Shri P. R. Agarwala, Independent, Non-Executive Director has been resigned from the Board w.e.f. 11th November, 2011.

3. Code of Conduct

The Code of Conduct and ethics as adopted by the Board of Directors of the Company is applicable to 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 is attached and forms part of the Annual Report of the Company. The Code of Conduct of the Company has been posted on the website at www.lincpen.com for general viewing.

4. Audit Committee

The Audit Committee presently comprises of three Directors, two of whom are Independent and Non-Executive. All these Directors possess knowledge of corporate finance, accounts and law. During the financial year ended March 31, 2012, four Audit Committee Meetings were held on 30th May, 2011, 30th July, 2011, 11th November, 2011 and 11th February, 2012. The attendance of the Members were as under-

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

The role, powers, duties 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 divide 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, Allowances and Commission 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	Relation with other Directors	Salary ₹	Benefits ₹	Sitting Fees ₹	Commi-ssion ₹	Total ₹	Service contract/ Notice period/ Severance fees
Shri Deepak Jalan	Brother of Whole Time Director	45,00,000	5,55,000	–	–	50,55,000	Terms of office valid upto 30.09.15. No notice period & severance fee.
Shri Aloke Jalan	Brother of Managing Director	36,00,000	4,47,000	–	–	40,47,000	-do-
Shri Prakash Jalan	- do -	–	–	–	–	–	
Shri S. L. Kochar	None	–	–	54,000	75,000	1,29,000	Retire by rotation
Shri P. R. Agarwala*	None	–	–	–	–	–	-do-
Shri Naresh Pachisia	None	–	–	32,000	75,000	1,07,000	-do-
Shri K. N. Ranasaria	None	–	–	54,000	75,000	1,29,000	-do-
Dr. Ranjan Das	None	–	–	30,000	75,000	1,05,000	-do-

**Resigned w.e.f. 11th November, 2011*

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, 2012, eight Share Transfer Committee Meetings were held. Number of Shares pending for transfers as on 31st March, 2012 were Nil.

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 among others. The total number of complaints received and replied, to the satisfaction of the shareholders during the year were four. There were no outstanding complaints as on 31st March, 2012.

iii) Compliance Officer:

The Board has designated Shri N. K. Dujari, G. M. – Finance and 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
2008 – 2009	23.09.2009	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.
2009 – 2010	15.09.2009	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.
2010 – 2011	08.09.2009	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	10.30 a.m.

One special resolution was passed at 16th Annual General Meeting of the Company held on 15th September 2010. A special resolution is proposed to be conducted through postal ballot vide postal ballot notice dated 23rd April, 2012.

8. Disclosures:

i) Details of related party transactions during the year have been set out under Note No. '2.30' of Notes on Accounts of the Annual Accounts. However, 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 among others. The Company has adopted the non-mandatory requirement of remuneration committee.

iv) The Non–Executive Directors does not hold any shares of the Company as on 31st March, 2012.

v) The particulars of Directors seeking reappointment are given in the explanatory statement to the notice of Annual General Meeting.

vi) The Company had no subsidiary as on 31st March, 2012.

vii) The Company has laid down risk assessment and minimisation procedures and the same is periodically reviewed by the Board. Further, the Company has adequate internal control systems to identify the risk at appropriate time and to ensure that the executive management controls the risk in a properly defined framework.

9. Means of Communication:

i) A half-yearly report was not sent to each household of the shareholders. Shareholders 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 Mint, The Business Standard, Aaj Kal and Kalantar.

iii) As per the Listing Agreement with the stock exchanges, certain documents/ information such as quarterly/annual financial results, shareholding pattern and corporate governance are accessible on the website www.corpfiling.co.in.

iv) The Company results and official news release are displayed on the Company's Website: www.lincpen.com.

v) No presentations have been made to institutional investors or analysts among others.

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	:	17th September, 2012 at 3.30 p.m.
	– Venue	:	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata - 700 020
ii)	**Financial Calendar**:		
	Financial Year	:	1st April to 31st March
	Results	:	1st Qtr – end July, 2012 2nd Qtr – end October, 2012 3rd Qtr – end January, 2013 4th Qtr – end May, 2013
iii)	**Book closure date**	:	10.09.2012 to 17.09.2012 on account of AGM and Dividend.
iv)	**Dividend payment date**	:	After 17th September, 2012
v)	**Listing of Equity Shares on Stock Exchanges at**	:	i) The Calcutta Stock Exchange Ltd 7, Lyons Range, Kolkata – 700 001 ii) BSE Limited, P J Towers, Dalal Street, Fort, Mumbai – 400 001
vi)	**Listing Fees**	:	Listing fee for the year 2011 – 2012 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, 2012, at the Bombay Stock Exchange.

Month	High (₹)	Low (₹)
April, 2011	79.50	58.95
May, 2011	82.00	68.90
June, 2011	81.90	72.00
July, 2011	86.00	71.10
August, 2011	79.05	60.15
September, 2011	66.50	55.10
October, 2011	57.00	49.15
November, 2011	52.90	37.00
December, 2011	49.00	39.00
January, 2012	50.90	39.00
February, 2012	53.90	39.80
March, 2012	66.80	40.65

ix) Share Price performance in 2011-12 comparison to broad based indices – BSE Sensex

% Change in Linc's Share Price : (-) 7.31%	% Change in BSE Sensex (-) 10.50%

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 and Associates	89,04,048	69.64
2	NRI, FIIs, among others	2,22,083	1.74
3	Private Corporate Bodies	14,81,952	11.59
4	Indian Public	21,77,877	17.03
	Total	**1,27,85,960**	**100.00**

Distribution of Shareholding by Size:

Range of Shares	Shareholders Nos.	Shareholders %	Shares Nos.	Shares %
1 to 500	4,648	85.79	5,17,626	4.05
501 to 1000	354	6.53	2,97,203	2.32
1001 to 5000	304	5.61	6,91,706	5.41
5001 to 10000	45	0.83	3,13,470	2.45
10001 & above	67	1.24	1,09,65,955	85.77
Total	**5,418**	**100.00**	**1,27,85,960**	**100.00**

xii) Dematerialisation of Shares:

Holding	No. of Holder	%	No. of Shares	%
Physical	836	15.43	2,23,323	1.75
Demat	4,582	84.57	1,25,62,637	98.25
Total	**5,418**	**100.00**	**1,27,85,960**	**100.00**

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

xiv) The manufacturing facilities of the Company are located at:

a. Linc Estate, Usthi Road, Serakole, 24 Paragans (South), West Bengal; and

b. Falta SEZ, Sector II, Shed No. 2, Falta, 24 Paragans (South), West Bengal

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 Limited
3, Alipore Road, Kolkata – 700 027
Phone – 3041 2100 / 2479 0248,
Fax – 2479 0253
E-mail – investors@lincpen.com

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, all the Directors and Senior Management have affirmed compliance with the Companies Code of Conduct during the financial year ended 31st March, 2012.

Deepak Jalan
Managing Director

Kolkata, 28th May, 2012

CEO / CFO CERTIFICATION

The Board of Directors

Linc Pen & Plastics Limited

Kolkata

Re: Financial Statements for the financial year 2011 –12 - Certification by MD and GM Finance

We, Deepak Jalan, Managing Director and N. K. Dujari, G. M.- Finance and Company Secretary, of Linc Pen & Plastics Limited, on the review of financial statements and cash flow statement for the year ended 31st March, 2012 and to the best of our 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, 2012 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 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.

	N. K. Dujari	**Deepak Jalan**
Kolkata	*G. M. – Finance &*	*Managing Director*
28th May, 2012	*Company Secretary*	

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, 2012, 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforementioned Listing Agreement.

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
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No. 17643
Partner

7A, Kiran Shankar Ray Road
Kolkata – 700 001
Date: 28th May, 2012

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 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. 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.

   iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of account.

   iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and 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 directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 said accounts give the information required by the Act 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 31st March, 2012;

      b) in the case of the Statement of Profit and Loss, 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
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No. 17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
28th May, 2012

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report to the members of LINC PEN AND PLASTICS LIMITED on the accounts for the year ended 31st March, 2012:

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 any 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 procedures 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) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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. 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, 2012 for a period of more than six months from the date of becoming payable.

b) The disputed statutory dues aggregating to ₹ 409.57 lacs that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	20.49	A.Y. 2002-03	ITAT
The Income Tax Act, 1961	Income Tax	37.48	A.Y. 2003-04	ITAT
The Income Tax Act, 1961	Income Tax	21.72	A.Y. 2004-05	ITAT
The Income Tax Act, 1961	Income Tax	27.91	A.Y. 2005-06	ITAT
The Income Tax Act, 1961	Income Tax	110.99	A.Y. 2006-07	Commissioner of Income Tax (Appeals).
The Income Tax Act, 1961	Income Tax	5.57	A.Y. 2007-08	Director General of Income Tax (Inv.)
The Income Tax Act, 1961	Income Tax	66.66	A.Y. 2008-09	ITAT
The Income Tax Act, 1961	Income Tax	118.75	A.Y. 2009-10	Commissioner of Income Tax (Appeals).
	Total	**409.57**		

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) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any debentures.

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledging 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) According to the information and

explanations given to us, 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) According to the records of the Company and the information and explanations given to us, the term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.

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
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No. 17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
28th May, 2012

Balance Sheet

(₹ in lacs)

As at 31 March,	Note No.	2012	2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2.1	1,278.60	1,278.60
(b) Reserves and surplus	2.2	3,479.26	3,458.25
		4,757.86	4,736.85
(2) Non-current liabilities			
(a) Long-term borrowings	2.3	179.07	273.97
(b) Deferred tax liabilities (Net)	2.4	189.43	185.51
(c) Long-term provisions	2.5	66.68	58.75
		435.18	518.23
(3) Current liabilities			
(a) Short-term borrowings	2.6	3,987.51	3,749.24
(b) Trade payables	2.7	2,644.90	2,022.82
(c) Other current liabilities	2.8	1,232.30	1,078.23
(d) Short-term provisions	2.9	152.64	270.26
		8,017.35	7,120.55
Total		**13,210.39**	**12,375.63**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	2.10		
(i) Tangible assets		2,733.68	2,573.40
(ii) Intangible assets		25.97	33.05
(iii) Capital work-in-progress		64.49	13.41
		2,824.14	2,619.86
(b) Long-term loans and advances	2.11	262.54	321.50
(c) Other non-current assets	2.12	18.85	17.71
		3,105.53	2,959.07
(2) Current assets			
(a) Inventories	2.13	6,301.70	6,668.47
(b) Trade receivables	2.14	3,327.30	2,195.81
(c) Cash and bank balances	2.15	22.57	22.13
(d) Short-term loans and advances	2.16	418.46	490.55
(e) Other current assets	2.17	34.83	39.60
		10,104.86	9,416.56
Total		**13,210.39**	**12,375.63**
Significant Accounting Policies	1		
Notes to Financial Statement	2		

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.
As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No.17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 28th day of May, 2012

For and on behalf of the Board

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

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

Statement of Profit and Loss

(₹ in lacs)

	For the year ended 31 March	Note No.	2012		2011	
	Income					
I.	Revenue from operations	2.18				
	Sale of goods (Gross)		27,168.03		24,819.91	
	Less: Excise duty		67.31		5.46	
	Net Sale of goods		27,100.72		24,814.45	
	Other operating revenues		404.17		550.32	
				27,504.89		25,364.77
II.	Other incomes	2.19		14.66		39.51
III.	**Total revenue (I + II)**			**27,519.55**		**25,404.28**
IV.	**Expenses**					
	Cost of materials consumed	2.20		7,332.03		7,139.17
	Purchases of stock-in-trade	2.21		11,705.71		11,405.96
	(Increase)/decrease in inventories of finished goods, work-in-progress and stock in trade	2.22		532.43		(1,223.37)
	Employee benefits expense	2.23		1,527.47		1,215.11
	Finance costs	2.24		378.04		208.06
	Depreciation and amortization expense			430.21		361.95
	Other expenses	2.25		5,394.44		5,215.91
	Total expenses			**27,300.33**		**24,322.79**
V.	Profit before exceptional and extraordinary items and tax (III - IV)			219.22		1,081.49
VI.	Exceptional items			–		–
VII.	Profit before extraordinary items and tax (V - VI)			219.22		1,081.49
VIII.	Extra ordinary items			–		–
IX.	**Profit before tax (VII - VIII)**			**219.22**		**1,081.49**
X.	**Tax expense:**					
	Current tax			43.90		220.50
	Deferred tax			3.92		21.02
	Income tax for earlier years			1.78		–
				49.60		**241.52**
XI.	**Profit for the year (IX-X)**			**169.62**		**839.97**
XII.	Earnings per equity share - Basic and diluted (₹) (Face value ₹ 10/- per equity share)	2.29		1.33		6.57
	Significant Accounting Policies	1				
	Notes to Financial Statement	2				

The accompanying Significant Accounting Policies and Notes to Accounts are an integral part of the Financial Statements.
As per our report of even date attached.

For **G. P. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No.17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 28th day of May, 2012

For and on behalf of the Board

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

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

Significant Accounting Policies to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting:

The Company prepares its accounts under the historical cost convention on accrual basis, except otherwise stated, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies' Act, 1956. Based on the nature of operations and time between procurement of raw materials and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure during the period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

c) Revenue recognition:

i) Revenue from sale of goods is recognised upon passage of title to the customers.

ii) Sales is exclusive of Sales Tax/VAT, rebate etc.

iii) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

iv) All other incomes are accounted for on accrual basis.

d) Expenses:

All the expenses are accounted for on accrual basis.

e) Fixed assets:

i) All fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost include acquisition price, duties, taxes, incidental expenses, erection expenses and interest etc. up to date the asset is ready for intended use.

ii) Intangible assets expected to provide future enduring economic benefits are stated at cost less amortisation and impairment, if any. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

iii) Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

iv) Depreciation on fixed assets is provided on straight-line method at the rates specified in schedule XIV to The Companies Act, 1956 (as amended).

v) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

vi) Computer software (Acquired) are amortised over a period of five years. Amortisation is done on straight-line basis.

f) Foreign currency transactions:

i) Transactions in foreign currency are initially recorded at the exchange rate at which the transaction is carried out.

ii) Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the year-end are translated at the year-end rate.

iii) Any income or expense on account of exchange difference either on settlement or on translation at the year end is recognised in the Statement of Profit and Loss.

Significant Accounting Policies to Financial Statements (Contd.)

g) Inventories:

i) Inventories (Other than scrap) are valued at lower of cost and net realisable value, after providing for obsolescence, if any. Cost of inventory comprises of purchase price, cost of conversion and other cost incurred in bringing the inventories to their respective present location and condition. The cost of inventories is computed on weighted average basis except for raw material and components which is computed on FIFO basis.

ii) Scrap are valued at net realisable value.

h) Employee benefits:

i) Short-term employee benefits based on expected obligation on undiscounted basis are recognised as expenses in the Statement of Profit and Loss for the period in which the related service is rendered.

ii) Post-employment and other long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised 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 recognised in the profit and loss account

i) 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 unrecognised deferred tax assets of earlier years) are recognised 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.

j) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalisation during the year.

k) Impairment of assets:

Wherever events or changes in circumstances indicate that the carrying amount of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognises an impairment loss as the excess of the carrying amount over the recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the respective asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying amount after reversal is not increased beyond the carrying amount that would have prevailed by charging usual depreciation if there was no impairment.

l) Provisions, contingent liabilities and contingent assets:

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

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.

Re-imbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the re-imbursement will be received.

Contingent assets are not recognised in the accounts.

m) **Earnings per share:**

Basic earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares.

n) **Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to Financial Statements

(₹ in lacs)

As at 31 March	2012		2011	
	No. of shares	Amount	No. of shares	Amount
Note 2.1 SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/- each	13,000,000	1,300.00	13,000,000	1,300.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each	12,785,960	1,278.60	12,785,960	1,278.60
		1,278.60		1,278.60

a. **Terms & rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The holders of equity shares are entitled to receive dividends as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. The company has issued an aggregate of 47.86 lacs (previous year 47.86 lacs upto 31.3.11) fully paid up equity shares of par value ₹ 10/- each without payment being received in cash in the last 5 years immediately preceeding the balance sheet date.

c. **Shareholders holding more than 5% shares in the company :**

As at 31 March	2012		2011	
Equity shares of ₹ 10/- each fully paid up	No. of shares	% of Holding	No. of shares	% of Holding
Mrs. Sarita Jalan	2,024,000	15.83	2,024,000	15.83
Mrs. Shobha Jalan	2,000,730	15.65	2,000,730	15.65
Mr. Suraj Mal Jalan	1,087,783	8.51	1,086,183	8.50
Mr. Aloke Jalan	787,216	6.16	787,216	6.16
Mr. Deepak Jalan	778,520	6.09	751,520	5.88
M/s. Linc Writing Aids Pvt. Ltd.	1,590,109	12.44	1,555,631	12.17

Notes to Financial Statements

(₹ in lacs)

As at 31 March,	2012		2011	
Note 2.2 RESERVES AND SURPLUS				
Securities premium account				
Balance as per last Account		296.94		296.94
General reserve				
Balance as per last account	2,893.91		2,393.91	
Add: Transfer from surplus				
as per statement of profit and loss	–		500.00	
Closing Balance		2,893.91		2,893.91
Surplus in the statement of profit and loss				
Balance as per last statement	267.40		195.80	
Add: Net profit for the year as per statement of profit and loss	169.62		839.97	
Amount available for appropriation	437.02		1,035.77	
Less: Appropriations				
Proposed dividend	127.87		230.15	
Tax on proposed dividend	20.74		38.22	
Transfer to general reserve	–		500.00	
Closing balance		288.41		267.40
		3,479.26		3,458.25

a. General Reserve is primarly created to comply with the requirements of sec. 205(2A) of the Companies Act, 1956. This is the free reserve and can be utilised for any general purpose viz. issue of bonus shares, payment of dividend, buyback of shares etc.

b. During the year ended 31st March, 2012, dividend Re. 1/- per equity share was recognised as distribution to equity shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.The total dividend appropriation for the year ended March 31, 2012 amounted to ₹ 148.61 lacs including corporate dividend tax of ₹ 20.74 lacs.

c. During the year ended 31st March, 2011, dividend ₹1.80/- per equity share was recognised as distribution to equity sharholders. The total dividend appropriation for the year ended March 31, 2011 amounted to ₹268.37 lacs including corporate dividend tax of ₹38.22 lacs.

Note 2.3 LONG-TERM BORROWINGS				
Term loans (Secured)				
– From banks				
Rupee loans		7.23		10.86
Foreign currency loans		158.17		235.89
Vehicle Loans				
– From others (Secured)		13.67		27.22
		179.07		273.97

a. Nature of securities :

   i. Rupee term loan from banks carries interest @ 13.75 % p.a. & Foreign Currency loan from bank carries interest @ 06 mths. LIBOR plus 5.25%.

   ii. Indian Rupee / Foreign Currency Loan from bank is secured by way of hypothecation of Plant and Machinery, Moulds and Current Assets of the company and by way of first charge on Immovable Properties and Other Fixed Assets of the company and is also guaranteed by the Mangaing Director, Whole Time Director and associate concern of the company.

   iii. Vehicle loan from others carries interest @ 10% p.a. and is secured by way of hypothecation of car of the Company

Note 2.3 LONG-TERM BORROWINGS *(Contd.)*

b. Terms of Repayment of Loans:

Nname of Banks/Other	Amount outstanding as on the Balance Sheet date	Period of maturity w.r.t. Balance Sheet date	Number of instalments as on 31 March 2012	Amount of each instalment
State Bank of India	265.40	30 months	10	25.00
	(707.86)	(34) months	(14)	(25.00)
As at 31 March		**2012**		**2011**
Rupee loan - Current *		–		–
Rupee loan - Non current		7.23		10.86
Foreign currency loans - Current *		100.00		100.00
Foreign currency loans - Non current		158.17		597.00
BMW India Financial Services Pvt. Ltd. #	27.22	23 months	23	1.31
	(39.49)	(35) months	(35)	(1.31)
As at 31 March		**2012**		**2011**
Current *		13.55		12.27
Non current		13.67		27.22

* Represents current maturities of long term debts shown under "Other current liabilities" (Note No.2.8)

Installment includes interest

Figure in brackets represents figures for the previous years

(₹ in lacs)

As at 31 March,	2012	2011
Note 2.4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liabilities :		
Depreciation	205.90	200.33
Less : Deferred tax asset		
Expenses allowable for tax purpose when paid	16.47	14.82
Deferred tax liabilities (Net)	**189.43**	**185.51**
Note 2.5 LONG-TERM PROVISIONS		
Provision for employee benefits		
– Leave encashment	66.68	58.75
	66.68	**58.75**
Note 2.6 SHORT-TERM BORROWINGS*		
Other loans and advances		
Working capital loans		
– From banks (Secured)	3,987.51	3,749.24
	3,987.51	**3,749.24**

* Working capital loan from bank is secured by way of hypothecation of Plant and Machinery, Moulds and Current Assets of the company and by way of first charge on Immovable Properties and Other Fixed Assets of the Company and is also guaranteed by the Mangaing Director, Whole Time Director and associate concern of the Company.

Notes to Financial Statements

(₹ in lacs)

As at 31 March,		2012		2011
Note 2.7 TRADE PAYABLES				
Total outstanding dues of Micro and Small Enterprises (Refer note no. 2.27)		154.04		257.16
Total outstanding dues of other than Micro and Small Enterprises		2,490.86		1,765.66
		2,644.90		2,022.82

As at 31 March,		2012		2011
Note 2.8 OTHER CURRENT LIABILITIES				
Current maturities of long-term debt#		113.55		112.27
Unpaid dividends *		11.60		10.75
Other payables				
Advance from customers		184.56		156.15
Statutory liabilities $		65.73		39.13
Trade deposits		225.62		219.50
Unpaid salaries and other payroll dues		631.24		540.43
# Refer note no. 2.3 for nature of securities and terms of repayment respectively.				
* There are no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund				
$ Include excise duty and cess on closing stock ₹ 22.03 (PY ₹ 6.63)				
		1,232.30		1,078.23

As at 31 March,		2012		2011
Note 2.9 SHORT-TERM PROVISIONS				
Provision for employee benefits - unavailed leave		2.75		1.89
Provision for taxation	306.00		–	
Less: Advance income tax	305.43	0.57	–	–
Provision for proposed dividend		127.86		230.15
Provision for tax on proposed dividend		20.74		38.22
Provision for wealth tax		0.72		–
		152.64		270.26

(₹ in lacs)

Note 2.10 FIXED ASSETS

Tangible Assets

Particulars	GROSS BLOCK				AMORTISATION				NET CARRYING AMOUNT	
	Cost as on 01.04.2011	Additions during the year	Sale/disposal during the year	Total as on 31.03.2012	Upto 01.04.2011	For the year	Disposal/ Deduction during the year	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
Land	147.10	–	–	147.10	–	–	–	–	147.10	147.10
Buildings	222.31	143.20	–	365.51	30.50	10.26	–	40.76	324.75	191.81
Plant & Equipment	1,242.31	69.70	3.69	1,308.32	423.96	109.82	1.83	531.95	776.37	818.35
Furniture & Fixtures	263.15	11.71	–	274.86	59.09	17.07	–	76.16	198.70	204.06
Vehicle	154.00	24.27	17.43	160.84	20.56	15.14	7.23	28.47	132.37	133.44
Other Equipment	2,834.49	342.62	2.56	3,174.55	1,755.85	264.91	0.60	2,020.16	1,154.39	1,078.64
Total	**4,863.36**	**591.50**	**23.68**	**5,431.18**	**2,289.96**	**417.20**	**9.66**	**2,697.50**	**2,733.68**	**2,573.40**
Previous Year	**3,712.12**	**1,214.05**	**62.81**	**4,863.36**	**1,982.64**	**346.78**	**39.46**	**2,289.96**	**2,573.40**	**–**

Intangible Assets

Particulars	GROSS BLOCK				AMORTISATION				NET CARRYING AMOUNT	
	Cost as on 01.04.2011	Additions during the year	Sale/disposal during the year	Total as on 31.03.2012	Upto 01.04.2011	For the year	Disposal/ Deduction during the year	Up to 31.03.2012	As on 31.03.2012	As on 31.03.2011
Computer Software	75.83	5.93	–	81.76	42.78	13.01	–	55.79	25.97	33.05
Total	**75.83**	**5.93**	**–**	**81.76**	**42.78**	**13.01**	**–**	**55.79**	**25.97**	**33.05**
Previous Year	**53.04**	**22.79**	**–**	**75.83**	**27.61**	**15.17**	**–**	**42.78**	**33.05**	**–**

Notes to Financial Statements

(₹ in lacs)

As at 31 March,	2012		2011	
Note 2.11 LONG-TERM LOANS AND ADVANCES				
(Unsecured, considered good)				
Capital advances		54.29		202.87
Security deposits		63.93		97.93
Other loans & advances				
– Advance wealth tax		0.97		–
– Advance income tax	687.06		750.50	
Less: Provision for taxation	544.18	142.88	729.80	20.70
– Prepaid expenses		0.47		–
		262.54		**321.50**
Note 2.12 OTHER NON-CURRENT ASSETS				
Fixed deposits with banks *		10.76		10.56
(Non current portion with original maturity period of more than 12 months)				
Export benefit receivable		6.83		6.54
Interest accrued but not due		1.26		0.61
* Lodged with government authorities ₹ 0.45 (PY 0.25)				
		18.85		**17.71**
Note 2.13 INVENTORIES*				
(At lower of cost and net realisable value)				
Raw materials	3,197.86		3,050.53	
Goods in transit	2.94	3,200.80	–	3,050.53
Work-in-progress		90.98		47.68
Finished goods	794.10		772.60	
Goods in transit	–	794.10	150.47	923.07
Stock-in-trade		2,215.82		2,647.19
* Includes materials lying with other parties				
		6,301.70		**6,668.47**
Note 2.14 TRADE RECEIVABLES				
(Unsecured, considered good)				
Trade receivables outstanding for a period exceeding six months from due date		99.07		97.38
Other trade receivables		3,228.23		2,098.43
		3,327.30		**2,195.81**
Note 2.15 CASH AND BANK BALANCES				
Cash and cash equivalents				
Balance with banks				
In current accounts	2.77		3.28	
Cash on hand	8.20	10.97	8.10	11.38
Other bank balances				
Earmarked balances				
– Unpaid dividend accounts		11.60		10.75
		22.57		**22.13**

Notes to Financial Statements

(₹ in lacs)

As at 31 March,	2012		2011	
Note 2.16 SHORT-TERM LOANS AND ADVANCES				
(Unsecured, considered good).				
Security deposits		35.95		–
Other loans and advances				
– Advances to suppliers and others		332.54		274.44
– Advance income tax	–		136.93	
Less: Provision for taxation	–	–	124.00	12.93
– Prepaid expenses		49.97		203.18
		418.46		**490.55**
Note 2.17 OTHER CURRENT ASSETS				
Claims receivable		0.09		0.93
Taxes and duties refundable		34.74		38.67
		34.83		**39.60**

(₹ in lacs)

For the year ended 31 March	2012		2011	
Note 2.18 REVENUE FROM OPERATIONS				
Sale of goods (Gross)				
Pens	19,828.81		18,113.50	
Refills	2,612.49		2,742.45	
Others	4,726.73		3,963.96	
	27,168.03		24,819.91	
Less: Excise duty	67.31		5.46	
Net sales of goods		27,100.72		24,814.45
Other operating revenues				
– Scrap sales	12.44		30.16	
– Export benefit received	385.17		369.15	
– Gain on exchange fluctuation	–		150.33	
– Commission received on highseas sales	6.56	404.17	0.68	550.32
Revenue from operations (Net)		**27,504.89**		**25,364.77**
Note 2.19 OTHER INCOMES				
Interest income (Gross)				
– Fixed deposits with banks		0.87		0.63
– Income tax refund		0.02		–
– Others		0.18		3.42
Other non operating income				
Insurance claim		1.71		2.14
Miscellaneous income		11.88		33.32
		14.66		**39.51**

Notes to Financial Statements

(₹ in lacs)

For the year ended 31 March		2012		2011
Note 2.20 COST OF MATERIALS CONSUMED				
Plastic powder		2,067.89		2,276.52
Ink		829.96		727.88
Tips		1,251.49		1,454.46
Others		3,182.69		2,680.31
		7,332.03		7,139.17
Note 2.21 PURCHASE OF STOCK IN TRADE				
Pens		8,578.51		8,458.14
Refills		553.00		477.82
Others		2,574.20		2,470.00
		11,705.71		11,405.96
Note 2.22 (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE				
Finished goods				
Opening stock	923.07		786.56	
Less: Closing stock	794.10	128.97	923.07	(136.51)
Work in progress				
Opening stock	47.68		46.85	
Less: Closing stock	90.98	(43.30)	47.68	(0.83)
Stock in trade				
Opening stock	2,647.19		1,554.53	
Less: Closing stock	2,215.83	431.36	2,647.19	(1,092.66)
Add/(Less): Excise duty and cess on stock *	(15.40)	(15.40)	(6.63)	(6.63)
		532.43		(1,223.37)

* The amount of excise duty and cess on stock represents difference in excise duty and cess on opening and closing stock

For the year ended 31 March		2012		2011
Note 2.23 EMPLOYEE BENEFITS EXPENSE				
Salaries and wages		1,367.94		1,079.72
Contribution to provident and other funds		79.66		73.34
Staff welfare expenses		79.87		62.05
		1,527.47		1,215.11
Note 2.24 FINANCE COSTS				
Interest expense				
– On long term borrowings	1.56		22.15	
– On short term borrowings	345.47		154.05	
– On others	17.47	364.50	17.23	193.43
Other borrowing costs		13.54		14.63
		378.04		208.06

(₹ in lacs)

For the year ended 31 March		2012		2011
Note 2.25 OTHER EXPENSES				
Consumption of stores and spares		52.65		50.82
Power and fuel		163.54		152.78
Processing charges		807.20		1,036.53
Rent		212.61		167.49
Repairs				
Building		0.52		1.03
Machinery		9.85		10.60
Others		16.24		19.51
Insurance		43.17		24.44
Rates and taxes		12.61		12.94
Payment to auditor				
– For statutory audit	2.87		2.87	
– For tax audit	0.55		0.55	
– For other services (limited review, certification etc)	2.77	6.19	1.31	4.73
Director sitting fees		1.70		1.70
Travelling & conveyance		301.31		297.43
Postage,telegram & telephone		69.92		67.00
Freight & transportation		413.42		358.30
Advertisement expenses		1,280.35		847.59
Sales promotion expenses		267.34		520.68
Incentives on sales		207.21		298.75
Commission on Sales		48.22		58.81
Discount allowed		616.67		567.98
Rebate, claim & other expenses		475.85		403.29
Loss on sale of fixed assets		6.77		1.70
Net loss on foreign currency transactions and translations		15.92		–
Miscellaneous expenses		365.18		311.81
		5,394.44		**5,215.91**

(₹ in lacs)

As at 31 March,	2012	2011
Note 2.26 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
a) Contingent liabilities:		
Claims against the Company not acknowledged as debts:		
Income Tax demands under appeal	524.57	621.52
Income Tax paid against demands	115.00	50.00

The amounts shown in (a) above represent the best possible estimates arrived at on the basis of available information. The uncertainties and timing of the cash flows are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be estimated accurately.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are fair chances of successful outcome of appeals.

Notes to Financial Statements

The Company does not expect any reimbursements in respect of the above contingent liabilities.

(₹ in lacs)

As at 31 March,	2012	2011
b) Commitments:		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	127.73	474.07
ii) Advance paid against above	53.72	202.86

Note 2.27

The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company.

The disclosures relating to Micro and Small Enterprises are as under:

(₹ in lacs)

Sl No.	Description	2012	2011
I)	The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	154.04	257.16
ii)	The interest due thereon remaining unpaid to suppliers as at the end of accounting year	Nil	Nil
iii)	The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointed day during the year	Nil	Nil
iv)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
v)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year *	Nil	Nil
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Micro and Small Enterprises	Nil	Nil

* Included in the line item 'Total outstanding dues of Micro and Small Enterprises' under Note No. 2.7.

Note 2.28 SEGMENT REPORTING

The business of the Company falls under a single segment i.e. 'Writing Instruments and Stationeries' therefore the disclosure requirements as per Accounting Standard 17 'Segment Reporting' are not applicable to the Company.

Note 2.29 EARNINGS PER SHARE

	2012	2011
The numerator and denominator used to calculate		
Basic/ Diluted Earnings per Share		
a) Amount used as the numerator Profit after tax (₹ in lacs)	169.62	839.97
b) Basic/Diluted weighted average number of Equity shares used as the denominator (Nos. in lacs)	127.86	127.86
c) Nominal value of equity shares (₹)	10	10
d) Basic/Diluted earnings per share (a/b) (₹)	1.33	6.57

Note 2.30 RELATED PARTY TRANSACTIONS

Related party disclosure as per Accounting Standard 18 for the year ended 31 March, 2012 are given below:

I) Names and description of relationship of related parties as on 31 March, 2012:

Related Party	**Relationship**
Associates :	
Linc Retail Ltd.	Associate
Key Managerial Personnel (KMP) :	
Deepak Jalan	Managing Director
Prakash Jalan	Director
Aloke Jalan	Whole Time Director
Enterprises in which KMP and their relatives have substantial interest :	
Linc Marketing Services (Goa) Linc Engineering S.M. Homes	Proprietorship Concerns owned by Smt. Bindu Jalan wife of Director
Linc Writing Aids Pvt. Ltd.	Substantial interest of the relatives of Managing Director and Whole Time Director
Linc Property Developers Ltd.	Substantial interest of the Director
Relatives of KMP :	
Mr. Deepak Jalan	Deepak Jalan (HUF) Mr. Deepak Jalan is karta of HUF Mr. S.M. Jalan (Father) Mrs. Bimla Devi Jalan (Mother) Ms. Divya Jalan (Daughter)
Mr. Prakash Jalan	Mr. S.M. Jalan (Father) Mrs. Bimla Devi Jalan (Mother)
Mr. Aloke Jalan	Aloke Jalan (HUF) Mr. Aloke Jalan is karta of HUF Mrs. Shobha Jalan (Wife) Mr. S.M. Jalan (Father) Mrs. Bimla Devi Jalan (Mother)

Notes to Financial Statements

Note 2.30 RELATED PARTY TRANSACTIONS *(Contd.)*

II) Details of transactions with related parties

(₹ in lacs)

Description	Associates (A)	Key Managerial Personnel (KMP)	Enterprises in which KMP and their relatives have substantial Interest	Relatives of KMP (R)	Total
Purchase of goods					
Linc Writing Aids Pvt. Ltd.	–	–	1025.49	–	1025.49
	(–)	(–)	(127.20)	(–)	(127.20)
Linc Retail Ltd.	0.87	–	–	–	0.87
	(–)	(–)	(–)	(–)	(–)
Sale of goods					
Linc Retail Ltd.	–	–	–	–	–
	(83.63)	(–)	(–)	(–)	(83.63)
Linc Writing Aids Pvt. Ltd.	–	–	1270.04	–	1270.04
	(–)	(–)	(2,331.87)	(–)	(2,331.87)
Receiving of services (Remuneration)					
Mr. Deepak Jalan	–	50.55	–	–	50.55
	(–)	(50.48)	(–)	(–)	(50.48)
Mr. Prakash Jalan	–	–	–	–	–
	(–)	(0.70)	(–)	(–)	(0.70)
Mr. Aloke Jalan	–	40.47	–	–	40.47
	(–)	(40.87)	(–)	(–)	(40.87)
Receiving of services (Others)					
Linc Writing Aids Pvt. Ltd.	–	–	12.72	–	12.72
	(–)	(–)	(12.72)	(–)	(12.72)
Mr. Prakash Jalan	–	0.72	–	–	0.72
	(–)	(0.72)	(–)	(–)	(0.72)
Ms. Divya Jalan	–	–	–	3.15	3.15
	(–)	(–)	(–)	(2.23)	(2.23)
M/s. Deepak Jalan (HUF)	–	–	–	4.14	4.14
	(–)	(–)	(–)	(4.14)	(4.14)
Mrs. Shobha Jalan	–	–	–	13.10	13.10
	(–)	(–)	(–)	(9.96)	(9.96)
M/s. Aloke Jalan (HUF)	–	–	–	12.18	12.18
	(–)	(–)	(–)	(9.60)	(9.60)
Dividend paid to shareholders					
Mr. Deepak Jalan	–	14.01	–	–	14.01
	(–)	(13.08)	(–)	(–)	(13.08)
Mr. Prakash Jalan	–	0.22	–	–	0.22
	(–)	(0.22)	(–)	(–)	(0.22)
Mr. Aloke Jalan	–	14.17	–	–	14.17
	(–)	(14.17)	(–)	(–)	(14.17)

Note 2.30 RELATED PARTY TRANSACTIONS *(Contd.)*

II) Details of transactions with related parties *(Contd.)*

(₹ in lacs)

Description	Associates (A)	Key Managerial Personnel (KMP)	Enterprises in which KMP and their relatives have substantial Interest	Relatives of KMP (R)	Total
Guarantees (Given for the loans obtained by the Company)					
Mr. Deepak Jalan	–	4,781.00	–	–	4,781.00
	(–)	(4,165.00)	(–)	(–)	(4,165.00)
Mr. Aloke Jalan	–	4,781.00	–	–	4,781.00
	(–)	(4,165.00)	(–)	(–)	(4,165.00)
Linc Writing Aids Pvt. Ltd.	–	–	4,781.00	–	4,781.00
	(–)	(–)	(4,165.00)	(–)	(4,165.00)
Balance outstanding					
a) Accounts receivable					
Linc Retail Ltd.	156.96	–	–	–	156.96
	(169.15)	(–)	(–)	(–)	(169.15)
Linc Writing Aids Pvt. Ltd.	–	–	287.57	–	287.57
	(–)	(–)	(162.05)	(–)	(162.05)
Linc Property Developers Ltd.	–	–	–	–	–
	(–)	(–)	(0.25)	(–)	(0.25)
b) Amount outstanding against guarantees given for loans obtained by the Company					
Mr. Deepak Jalan	–	4,252.91	–	–	4,252.91
	(–)	(4,135.47)	(–)	(–)	(4,135.47)
Mr. Aloke Jalan	–	4,252.91	–	–	4,252.91
	(–)	(4,135.47)	(–)	(–)	(4,135.47)
Linc Writing Aids Pvt. Ltd.	–	–	4,252.91	–	4,252.91
	(–)	(–)	(4,135.47)	(–)	(4,135.47)

III) No amount has been written back/written off during the year in respect of due to/from related parties.

IV) The amount due from related parties are good and hence no provision for doubtful debts in respect of dues from such related parties is required.

V) The transactions with related parties have been entered at an amount, which are not materially different from that on normal commercial terms.

VI) Figures in brackets pertain to previous year.

Notes to Financial Statements

Note 2.31 EMPLOYEE BENEFITS

As per Accounting Standard-15, the disclosures of Employee Benefits as defined in the Accounting Standard are as follows:

a) **Defined contribution plan:**

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 recognised as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognised as expense for the year is as under:

(₹ in lacs)

Defined contribution plan	2012	2011
Employers' contribution to Provident Fund	67.86	50.93
Employers' contribution to Employee State Insurance Scheme	26.37	19.50
Total	**94.23**	**70.43**

b) Post employment and other long-term employee benefits in the form of gratuity and leave- encashment are 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 recognised in the Balance Sheet represents the present value of the obligation as adjusted for unrecognised 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 recognised in the Profit and Loss account for the year ended 31st March, 2012 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2012 is as follows:

(₹ in lacs)

		2012		2011	
		Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
I.	**Components of employer expense:**				
1.	Current service cost	9.49	13.78	7.17	10.74
2.	Past service cost	–	–	5.35	–
3.	Interest cost	4.27	4.04	2.74	3.21
4.	Expected return on plan asset	(6.66)	–	(5.39)	–
5.	Actuarial gain/loss recognised in the year	4.70	16.06	12.54	13.49
6.	Net expense/(Income) recognised in Statement of Profit and Loss Account	11.80	33.88	22.41	27.44
II.	**Change in present value of defined benefit obligation:**				
1.	Present value of defined benefit obligation at the beginning of the year	52.46	60.64	37.44	42.42
2.	Interest cost	4.27	4.04	2.74	3.21
3.	Current service cost	9.49	13.78	7.17	10.74
4.	Plan amendments cost/(credit)	–	–	5.35	–
5.	Actuarial gain/(losses)	4.08	16.06	10.15	13.49
6.	Benefit payments	(3.29)	(25.09)	(10.39)	(9.22)
7.	Present value of obligation at the end of the year	67.01	69.43	52.46	60.64

Note 2.31 EMPLOYEE BENEFITS *(Contd.)*

(₹ in lacs)

		2012		2011	
		Gratuity (Funded)	Leave encashment (Unfunded)	Gratuity (Funded)	Leave encashment (Unfunded)
III.	**Change in fair value of plan assets during the year ended 31st March, 2012:**				
1.	Plan assets at the beginning of the year	67.41	–	53.41	–
2.	Expected return on plan assets	6.66	–	5.39	–
3.	Actual company contribution	13.99	25.09	21.39	9.22
4.	Actuarial gain/(losses)	(0.62)	–	(2.39)	–
5.	Benefit payments	(3.29)	(25.09)	(10.39)	(9.22)
6.	Plan assets at the end of the year	84.15	–	67.41	–
IV.	**Net asset/(liability) recognised in the Balance Sheet as at 31st March, 2012:**				
1.	Present value of defined benefit obligation	67.01	69.43	52.46	60.64
2.	Fair value on plan assets	84.15	–	67.41	–
3.	Funded status (surplus/deficit)	17.14	(69.43)	14.95	(60.64)
4.	Net asset/(liability) recognised in Balance Sheet	17.14	(69.43)	14.95	(60.64)
V	**Actuarial assumptions**				
1	Discount rate (per annum)	8.80 %	8.80%	8.50 %	8.50%
2.	Expected return on plan assets (per annum)	9.15 %	–	9.15 %	–
3.	Salary increases	5.50 %	5.50%	5.50 %	5.50%
4.	Retirement/Superannuation age	58	58	58	58
5.	Mortality	LIC (1994 - 96)		LIC (1994 - 96)	

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 optimise 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. Disclosure related to previous years :

(₹ in lacs)

		Leave encashment (Unfunded)			Gratuity (Funded)		
	As at 31st March,	2010	2009	2008	2010	2009	2008
1.	Present value of defined benefit obligation	(42.42)	(31.61)	(20.40)	(37.44)	(29.37)	(23.71)
2.	Fair value on plan assets	–	–	–	53.41	47.63	38.81
3.	Funded status (surplus/deficit)	(42.42)	(31.61)	(20.40)	15.97	18.26	15.10

IX Other disclosures

1. The Gratuity and Provident Fund expenses have been recognised under 'Contribution to provident and other funds' and Leave Encashment under 'Salaries and wages' under Note no. 2.23.
2. Experience adjustment arising on plan liabilities and plan assets for the previous four annual period is not available and therefore, not disclosed.

Notes to Financial Statements

Note 2.32 INTANGIBLE ASSETS

The unamortised amount of computer software (Acquired) ₹ 25.97 lacs is to be amortised equally in the coming years as given hereunder:

(₹ in lacs)

Particulars	Amount	Year
Computer software	5.92	Four
Computer software	13.67	Three
Computer software	2.83	Two
Computer software	3.55	One

Note 2.33 DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT:

There are no transactions which are required to be disclosed under Clause 32 of the Listing Agreement with the stock exchanges where the equity shares of the Company are listed.

Note 2.34

Sundry debtors includes ₹ nil (Previous Year ₹ 7.58 lacs) under litigation.

Note 2.35

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary as required by Revised Schedule VI. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Note 2.36 CONSUMPTION OF MATERIALS

(₹ in lacs)

Particulars	Amount ₹	Percentage
Imported	544.04	7.42%
	(1,652.00)	(23.14%)
Indigeneous	6,787.99	92.58%
	(5,487.17)	(76.86%)
Total	**7,332.03**	**100.00%**
Total (Previous Year)	(7,139.17)	(100.00%)

Note 2.37 CONSUMPTION OF SPARE PARTS *

(₹ in lacs)

Particulars	Amount ₹	Percentage
Imported	7.38	14.02%
	(4.43)	(8.72%)
Indigeneous	45.27	85.98%
	(46.39)	(91.28%)
Total	**52.65**	**100.00%**
Total (Previous Year)	(50.82)	(100.00%)

* Spare parts includes store items also.

Notes to Financial Statements

Note 2.38 VALUE OF IMPORTS ON C.I.F. BASIS

(₹ in lacs)

Particulars	2012	2011
Raw Materials, Components	524.52	1,554.92
Trading Goods	2,384.84	2,615.15
Capital Goods	374.11	525.19
Spares	6.13	3.02

(₹ in lacs)

Note 2.39 EXPENDITURE IN FOREIGN CURRENCY

I)	Bank Interest & Commission	9.96	9.21
II)	Travelling	20.67	20.95
III)	Exhibition Expenses	22.83	18.32
IV)	Commission on Exports	7.98	24.59
V)	Product Designing, Testing Charges & Others	14.68	15.66

(₹ in lacs)

Note 2.40 EARNINGS IN FOREIGN CURRENCY

Exports on FOB Basis	6,643.73	5,479.50

Note 2.41 FIGURES IN BRACKETS REPRESENTS FIGURES FOR THE PREVIOUS YEARS.

As per our report of even date attached

For **G. P. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No.17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 28th day of May, 2012

For and on behalf of the Board

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

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

Cash Flow Statement

(₹ in lacs)

For the year ended 31 March	2012		2011	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax		219.22		1,081.50
Adjustments for				
Depreciation	430.21		361.95	
(Profit) / Loss on sale/ Discard of Fixed Assets	6.77		1.70	
Interest Income	(1.07)		(4.06)	
Unrealised loss/(gain) on foreign exchange fluctuation (Net)	(45.97)		2.39	
Finance cost	378.04	767.98	193.42	555.40
Operating profit before working capital changes		987.20		1,636.90
(Increase) / Decrease in Trade receivables	(1,107.84)		(214.19)	
(Increase) / Decrease in Inventories	366.77		(1,914.29)	
(Increase) / Decrease in Long Term Loans & Advances	182.11		(112.87)	
(Increase) / Decrease in Other Non Current Assets	(0.29)		(6.54)	
(Increase) / Decrease in Short Term Loans & Advances	59.15		72.75	
(Increase) / Decrease in Other Current Assets	4.77		3.05	
Increase / (Decrease) in Long Term Provisions	7.93		16.33	
Increase / (Decrease) in Trade Payables	644.40		465.00	
Increase / (Decrease) in Other Current Liabilities	146.09		(24.80)	
Increase / (Decrease) in Short Term Provisions	0.86	303.95	1.89	(1,713.67)
Cash generated from operations		1,291.15		(76.77)
Less: Direct taxes paid		154.60		404.71
Net Cash Generated / Used ~ Operating Activities		**1,136.55**		**(481.48)**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Addition to Fixed Assets (Including Intangibles)	(648.52)		(1,159.75)	
Sale of fixed assets	7.25		21.64	
Fixed Deposit with Banks	(0.20)		11.75	
Interest Received	0.42		5.34	
		(641.05)		(1,121.02)
Net Cash Generated / Used – Investing Activities		**(641.05)**		**(1,121.02)**

Cash Flow Statement (Contd.)

(₹ in lacs)

For the year ended 31 March	2012		2011	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds /(Repayment) of Long term borrowings	(94.90)		32.12	
Proceeds /(Repayment) of Short term borrowings (Net)	238.28		2,026.27	
Interest Paid	(384.46)		(201.16)	
Other borrowing cost	13.54		14.63	
Dividend Paid	(230.15)		(230.15)	
Dividend Tax Paid	(38.22)	(495.91)	(39.11)	1,602.60
Net Cash Generated / Used – Financing Activities		**(495.91)**		**1,602.60**
Net increase in cash and cash equivalents (A+B+C)		(0.41)		0.10
Cash and cash equivalents -Opening balance		11.38		11.28
		10.97		**11.38**
Cash and cash equivalents - Closing balance (Refer note no. 2.15)		**10.97**		**11.38**

Notes :

1) 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.
2) Figures in bracket represent cash outflow.
3) Additions to Fixed Assets include movement of Capital Work-in-Progress during the year.
4) Cash and cash equivalent at the end of the year consist of:

As at 31 March,	2012	2011
a) Cash on hand	8.20	8.10
b) Balances with Scheduled Banks in Current Accounts	2.77	3.28
	10.97	11.38

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

For **G. P. Agrawal & Co.**
Chartered Accountants
Firm Registration No. 302082E

(CA. Ajay Agrawal)
Membership No.17643
Partner

7A, Kiran Shankar Ray Road
Kolkata - 700 001
The 28th day of May, 2012

For and on behalf of the Board

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

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

Directors' profile

DR. RANJAN DAS

63, 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 16 years experience in strategic and 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.

SOHAN LAL KOCHAR

80, Director, a Postgraduate in Commerce and an LLB, he 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.

NARESH PACHISIA

49, Director, a Certified Financial Planner (CFP) is the Promoter-Managing Director of SKP Securities Ltd, a leading stock broking and wealth management service provider.

KEDAR NATH RANASARIA

78, Director, he is a Postgraduate and brings with him more than four decades of experience in finance, manufacturing and other allied areas. He is associated with Balrampur Chini Mills Limited, one of India's leading integrated sugar manufacturing companies in India.

PRAKASH JALAN

46, Director, a Commerce Graduate with 24 years of experience in the business.

ALOKE JALAN

43, Whole Time Director, a Commerce Graduate with 21 years of experience in the business, he looks after the Company's marketing operations with special emphasis in the Western region and Southern region.

SHRI DEEPAK JALAN

50, Managing Director, a Commerce Graduate with 26 years of experience in the business, he is responsible for the overall operations of the Company with a specialisation in international operations.

Five Year Financial Highlights

(₹ in Lacs)

Year	2011-12	2010-11	2009-10	2008-09	2007-08
Source of Funds					
Share Capital	1278.60	1278.60	1278.60	1278.60	800.03
Reserves & Surplus	3479.26	3458.25	2886.64	2316.39	2453.90
Networth	**4757.86**	**4736.85**	**4165.24**	**3594.99**	**3253.93**
Borrowings	4505.75	4354.98	2284.02	2979.02	3402.91
Funds Employed	**9263.61**	**9091.83**	**6449.26**	**6574.01**	**6656.84**
Operating Results					
Domestic Sales	20377.28	19264.24	16987.70	14814.67	13539.06
Exports	6723.44	5550.21	5218.16	3943.37	3861.44
Total Sales	**27100.72**	**24814.45**	**22205.86**	**18758.04**	**17400.50**
PBIDT	**1027.47**	**1651.51**	**1631.99**	**1279.40**	**1180.31**
Finance Cost	378.04	208.06	169.75	285.91	291.82
Depreciation	430.21	361.95	307.37	309.29	288.64
Profit before tax	219.22	1081.50	1154.87	684.20	599.85
Profit after tax	**169.62**	**839.97**	**839.51**	**503.82**	**503.40**
EPS	1.33	6.57	6.57	3.94	6.29
Cash EPS	4.69	9.40	8.97	6.36	9.90
Dividend %	**10**	**18**	**18**	**15**	**15**
Networth per Share	37.21	37.05	32.58	28.12	40.67

Performance in US$

(In million - US$)

Year	1011-12	2010-11	2009-10
Source of Funds			
Share Capital	2.50	2.86	2.83
Reserves & Surplus	6.81	7.74	6.40
Networth	**9.31**	**10.60**	**9.23**
Borrowings	8.81	9.75	5.06
Funds Employed	**18.12**	**20.35**	**14.29**
Operating Results			
Domestic Sales	39.86	43.18	37.65
Exports	13.15	12.42	11.56
Total Sales	**53.01**	**55.60**	**49.21**
PBIDT	**2.01**	**3.66**	**3.62**
Finance Cost	0.74	0.43	0.38
Depreciation	0.84	0.81	0.68
Profit before tax	0.43	2.42	2.56
Profit after tax	**0.33**	**1.88**	**1.86**
Conversion Rate (INR per US$)	51.12	44.69	45.13

Corporate Information

Board of Directors

Dr. Ranjan Das	Independent, Non-executive
Shri Sohan Lal Kochar	Independent, Non-executive
Shri Naresh Pachisia	Independent, Non-executive
Shri Kedar Nath Ranasaria	Independent, Non-executive
Shri Prakash Jalan	Non-executive
Shri Aloke Jalan	Whole Time Director
Shri Deepak Jalan	Managing Director

Company Secretary

N. K. Dujari

Registered Office

Satyam Towers,
3, Alipore Road, Kolkata - 700 027
Phone: (033) 30412100, 2479 0248
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: production@lincpen.com

Falta SEZ, Sector-II, Shed No.2
Falta, 24 Pgns(S), Pin - 743 504
West Bengal
Phone: (03174) 222 925

Auditors

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

Branch Offices

MUMBAI - 403-404 Tanishka Bldg.
Off Western Express Highway
Kandivali (East), Mumbai - 400 101
Phone: (022) 6692 4155 / 4255
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

NOIDA - NOIDA - D-42, Sector - 11
G.B.Nagar, Noida - 201 301, U.P.

PATNA - Shanti Niketan compound,
Fraser road, Near Times of India,
Patna - 800 001, Bihar

RANCHI - Rahul Complex
North Market Road, Upper Bazar
Ranchi - 834 001, Jharkand

INDORE - 45, Pandharinath Path
Indore - 452 004, Madhya Pradesh

Bankers

State Bank of India
IDBI Bank Ltd.
HDFC Bank Ltd.

Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainties and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw material cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

LINC
Zindagi Ke Liye

Linc Pen & Plastics Limited

Regd Office: Satyam Towers, 3, Alipore Road, Kolkata - 700 027

NOTICE

TO THE MEMBERS OF **Linc Pen & Plastics Limited**

NOTICE is hereby given that the 18th Annual General Meeting of the Members of the Company will be held at "Shripati Singhania Hall", Rotary Children's Welfare Trust, 94/2, Chowringhee Road, Kolkata – 700 020 on Monday, 17th September, 2012 at 3.30 P.M. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and Profit & Loss Account for the year ended on that date together with the reports of the Auditors and Directors.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2012.
3. To appoint a Director in place of Shri Naresh Pachisia, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Aloke Jalan, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to authorise the Board to fix their remuneration.

   M/s. G. P. Agrawal & Co., Chartered Accountants, Kolkata, (Registration No.302082E) Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and have offered themselves for reappointment.

Special Business

To consider and if thought fit, to pass with or without modification, the following resolutions:

6. **As Special Resolution**

   "RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and in accordance with the rules, regulations, guidelines, notifications, circulars issued by the Securities and Exchange Board of India (SEBI) from time to time and in terms of the provisions of and the conditions, as prescribed under the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed and subject to such approvals, consents, permissions and sanctions from the Appropriate Authorities as might be prescribed while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall deem to include any Committee(s) constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution) thinks fit, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot, on preferential basis, to Mitsubishi Pencil Co Ltd, 20,00,000 (Twenty Lakh) Equity Shares of ₹ 10/- (Rupees Ten) each for an aggregate amount not exceeding ₹ 20,00,00,000/- (Rupees Twenty Crores Only) at ₹ 100/- (Rupees Hundred) per share.

   FURTHER RESOLVED THAT the said Equity Shares shall be issued at a price not less than the price determined in terms of Regulation 76(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

FURTHER RESOLVED THAT the Relevant Date, as stipulated in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for determination of the Issue Price of Equity Shares, shall be August 17, 2012.

FURTHER RESOLVED THAT the proposed Equity Shares shall rank pari passu in all respects including entitlement for dividend with the existing Equity Shares of the Company save and except that in the first year the entitlement of dividend shall be on pro rata basis from the date of allotment of such shares.

FURTHER RESOLVED THAT the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue and also to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations, to the extent applicable, as SEBI may prescribe from time to time.

FURTHER RESOLVED THAT for the purpose aforesaid, the Board be and is hereby authorized to settle and decide on all questions, queries or any other matters that may arise in regard to the issue, offer or allotment of equity shares and further to do all such acts, deeds, matters and things and finalize and execute all such deeds, documents and writings, as may be necessary, desirable as it may deem fit."

7. **As Special Resolution**

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Sri Deepak Jalan as non retiring Managing Director of the Company for a period of 3 years with effect from 1st October, 2012 and for the payment of following remuneration, as approved by the Remuneration Committee of the Board Of Directors.

Salary: ₹ 3,00,000/- (Three Lac) per month in the scale: ₹ 3,00,000- ₹ 6,00,000.

Commission: Not exceeding 3% of the Net Profits of the Company for each financial year computed in the manner specified in Section 349 of the Companies Act 1956, provided that in the year of inadequate profits, the remuneration package (including salary and perquisites, which shall have priority in the computation of the package) shall be within the limits as prescribed in the clause (a) of paragraph 1 of Section II of part II of Schedule XIII to the Companies Act 1956. Within the above limits, amount of commission payable, shall be decided by the Board of Directors, at the end of the each financial year.

Perquisites: As detailed in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors be and is further authorised to grant increments in salary and allowances and additions to or betterment of perquisites and facilities as may be approved by its Remuneration Committee, during the term of the above appointment provided that the aggregate remuneration shall be within the limits specified in Schedule XIII to the Companies Act, 1956, as applicable to the Company."

8. **As Special Resolution**

"RESOLVED THAT pursuant to provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Sri Aloke Jalan as Whole Time Director of the Company for a period of 3 years with effect from 1st October, 2012 and for the payment of following remuneration, as approved by the Remuneration Committee of the Board Of Directors.

Salary: ₹ 3,00,000/- (Three Lac) per month in the scale: ₹ 3,00,000 - ₹ 6,00,000.

Commission: Not exceeding 1.50% of the Net Profits of the Company for each financial year computed in the manner specified in Section 349 of the Companies Act 1956, provided that in the year of inadequate profits, the remuneration package (including salary and perquisites, which shall have priority in the computation of the package) shall be within the limits as prescribed in the clause (a) of paragraph 1 of Section II of part II of Schedule XIII to the Companies Act 1956. Within the above limits, amount of commission payable, shall be decided by the Board of Directors, at the end of the each financial year.

Perquisites: As detailed in the explanatory statement.

FURTHER RESOLVED THAT the Board Of Directors be and are hereby authorised to grant increments in salary and allowances and additions to or betterment of perquisites and facilities as may be approved by its Remuneration Committee, during the term of the above appointment provided that the aggregate remuneration shall be within the limits specified in schedule XIII to the Companies Act, 1956, as applicable to the Company.

FURTHER RESOLVED THAT the appointment of Shri Aloke Jalan as Whole Time Director is subject to his remaining a Director of the Company."

By order of the Board

Registered Office
3, Alipore Road
Kolkata – 700 027
Dated: 7th August 2012

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

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, in order to be effective must be received by the Company at it's Registered Office not less than 48 hours before the time for holding of the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company remain closed from 10th September, 2012 to 17th September, 2012 (both days inclusive) for the purpose of Annual General Meeting and for determining eligibility for dividend for the year ended 31st March, 2012. The Dividend, if declared at this meeting will be payable to those members whose names are in the Company's Register of Member after giving effect to the valid transfers in physical form lodged with the Company before 10th September, 2012. In respect of Shares held in electronic form (dematerialised shares), the dividend will be payable to such beneficial owners as per the list furnished by the Depositories as at the close of business on 8th September 2012. The Dividend warrants will be posted on or after 17th September, 2012.

3. Members are requested to notify change in their address, if any, along with Pincode Number immediately to the Company's Registrar and Share Transfer Agents–M/s.Maheswari Datamatics Pvt. Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata-700001.
4. Members who have not yet encashed their dividend warrant for the financial years 2004-05 to 2010-11 are requested to lodge their claim with the Company.
5. Members / Proxies should bring the attendance slip duly filled in for attending the meeting. Members are requested to bring their copy of Annual Report. Additional Copies of the Annual Report will not be made available at the meeting.
6. Members desiring any information or having any query on the Accounts are requested to write to the Company 7 days before the meeting so that the information / answers may be readily available at the meeting.
7. **Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 and Listing Agreement**

   Item No. 3 - Shri Naresh Pachisia retires from the Board by rotation and being eligible offers himself for reappointment. Shri Naresh Pachisia (49), a Certified Financial Planner (CFP), is the Promoter- Managing Director of SKP Securities Ltd, a leading stock broking and wealth management service provider. The other Public Limited Companies in which Mr. Pachisia is Director are SKP Securities Ltd, SKP Commodities Ltd, Diana Tea Co. Ltd, Murlidhar Ratanlal Exports Ltd, Sarda Plywood Industries Ltd, Gillanders Arbuthnot & Co. Ltd, Electrosteel Steel Ltd and Mallcom (India) Ltd. He is a member of Audit Committee and Remuneration Committee and Chairman of Share Transfer Committee of Diana Tea Co. Ltd. He is also a member of Audit Committee of Gillanders Arbuthnot & Co. Ltd. He is also on the Shareholders' Committee, Audit Committee and Remuneration Committee of the Board of Directors of SKP Securities Ltd and Electrosteel Steel Ltd. He does not hold any shares in our Company.

   Item No. 4 - Shri Aloke Jalan retires from the Board by rotation and being eligible offers himself for reappointment. Shri Aloke Jalan aged 43, is a commerce graduate with 21 years of experience in the business. He looks afte the Company's marketing operations with special emphasis on the western region. He is not on Board of any other Company. He is holding 7,87,216 shares in our Company and is related to Shri Deepak Jalan, Managing Director and Shri Prakash Jalan, Director of the Company.

   Item No. 6 - In terms of Section 81(1) of the Companies Act, 1956 in the event of a Public Company proposing to increase its subscribed capital by way of allotment of further shares, it is required to offer such further shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company. Pursuant to Section 81(1A) of the Companies Act, 1956, a Public Company may offer its shares/convertible instruments in any other manner if a special resolution to that effect has been passed.

   The proposed preferential allotment of Equity Shares to Mitsubishi Pencil Co Ltd shall be in accordance with Section 81(1A) of the Companies Act, 1956 read with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI ICDR Regulations") for Preferential Issues and the following parameters shall be subject to change(s) as may be required in order to conform to the SEBI regulations/guidelines:

a. The pricing of the Equity Shares shall not be lower than the price determined in terms of Regulation 76(1) of the SEBI ICDR Regulations i.e. higher of (a) The average of the weekly high and low of the closing price of equity shares quoted, during the twenty six weeks preceding the relevant date. OR (b) The average of the weekly high and low of the closing price of equity shares quoted, during the two week preceding the relevant date, and the Board shall be authorized to finalize the issue price, as they shall at their discretion deem fit, in consultation with Mitsubishi Pencil Co Ltd.

b. The Relevant Date, as stipulated in the SEBI ICDR Regulations, for determination of the Issue Price of Equity Shares, shall be August 17, 2012.

   In terms of requirements of Regulation 73(1) of the SEBI ICDR Regulations, the Company submits/makes disclosures as under:

1) Funds mobilized through the proposed issue are for general business purposes. The Company has entered into a Business & Capital Alliance Agreement with the said allottee for improving the "UNI" brand status in India. In terms of the said Agreement, the Company is required to issue 20,00,000 Equity Shares of ₹ 10/- each of the Company at a premium of ₹ 90/- each share and such new shares shall rank pari passu with the existing shares.

2) The Preferential issue of Equity Shares is being made to Mitsubishi Pencil Co Ltd. Therefore the question of subscription by promoter(s) / Key Management Personnel does not arise. Therefore, none of the promoters will be subscribing to the said preferential issue.

3) The Shareholding pattern pre and post preferential allotment shall be as under:

		Pre Allotment		Post Aliotment (on tentative basis)	
Category	**Sub Category**	**No. of Shares**	**%**	**No. of Shares**	**%**
Promoter and Promoter Group	Indian Promoters	89,04,048	69.64	89,04,048	60.22
	Foreign Promoters / Persons Acting in Concert	Nil	Nil	Nil	Nil
	Sub Total	**89,04,048**	**69.64**	**89,04,048**	**60.22**
Public Institutional Investors		NIL	NIL	NIL	NIL
Public Non-Institutional Investors	Indian Bodies Corporate	14,89,739	11.65	14,89,739	10.08
	Foreign Body Corporate	NIL	NIL	20,00,000	13.53
	Individuals	22,54,323	17.63	22,54,323	15.24
	Non Resident Individual	1,37,219	1.07	1,37,219	0.93
	Clearing Members	531	0.00	531	0.00
	Trust	100	0.00	100	0.00
	Sub Total	**38,81,912**	**30.36**	**58,81,912**	**39.78**
	Grand Total	**1,27,85,960**	**100**	**1,47,85,960**	**100**

4) As per the requirements of Regulation 73 (1) (d) and in accordance with Regulation 74(1) of the SEBI ICDR Regulations, the Company proposes to complete the allotment of Equity Shares within 15 days from the date of passing of the Special Resolution. However, in the absence of requisite approvals or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the date of such approvals.

5) Mitsubishi Pencil Co Ltd is a Public Company incorporated under the relevant applicable laws in Japan. The total holding of the said Company would be approximately 13.53% of Paid-up Equity Share Capital after allotment of Equity Shares. The said allotment will not result in any change in control.

Names	No. of Equity shares (pre issue)	No. of Equity shares (post issue)	% of holding (post issue)
Mitsubishi Pencil Co Ltd	NIL	20,00,000	13.53

6) The Company undertakes to re-compute the price of the Equity Shares in terms of the provisions of the SEBI ICDR Regulations and the amendments thereto, if required to do so, to comply with any provisions and that if the amount payable on re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the Equity Shares shall continue to be further locked-in till the time, amount is paid by the allottee

7) The Statutory Auditors' Certificate as mandated under Regulation 73(2) of the SEBI ICDR Regulations will be available for inspection at the Registered Office of the Company during 10.00 am to 4.00 pm on any working day except Public Holidays.

The consent of members is thus sought to issue Equity Shares on preferential basis, to Mitsubishi Pencil Co Ltd on the aforesaid terms and conditions.

The resolution is being recommended for the approval of members as Special Resolution.

None of the directors of the Company is directly or indirectly concerned or interested in this resolution except to the extent of their shareholding.

Item No. 7 & 8 - The Members at the 16th Annual General Meeting of the Company held on 15.09.2010 approved the re-appointment of Shri Deepak Jalan as Managing Director and Shri Aloke Jalan as Whole Time Director from 1st October, 2010.

In view of the huge pressure on profit of the Company, the Board commends their re-appointment at a revised remuneration for a period of 3 years w.e.f. 01.10.2012, as stated in the resolution placed in the agenda. The remunerations were approved by the Board of Directors, after it was earlier approved by the Remuneration Committee of the Board.

Details of the perquisites referred to in the resolutions at item numbers 7 & 8

a) Medical Expenses - Re-imbursement of Medical expenses incurred for self and family.

b) Leave Travel Assistance - Once in a period of 2 years for travelling with their family members subject to the ceiling limit prescribed in Rule 2B of the Income Tax Rules, 1962.

c) Car Facility - Provision for car with driver primarily for doing business of the Company and partly for personal use, value of the perquisite being assessed as per provisions of Income Tax Rules, 1962.

d) Telephone Facility - Provision for Telephone at the residence primarily for business purposes provided that all long distance personal calls if made shall be billed to them.

e) Accomodation Facility - Provision of need based Furnished Accomodation – perquisite shall be evaluated as per Income Tax Rules, 1962, only in the event of such accommodation being actually provided.

f) Provident Fund and Gratuity - The Company's contribution to Provident Fund and Gratuity as per rules applicable to the senior executives.

Minimum Remuneration: in the event of loss or inadequacy of profits in any financial year the Managing Director and the Whole Time Director will be paid the remuneration as above as minimum remuneration subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 and/or subject to the approval of Central Government.

Information in terms of Schedule XIII to the Companies Act, 1956

I. General Information

Nature of Industry: The Company is engaged in the manufacturing and marketing of writing instrument.

Date or expected date of commencement of commercial production: the Company is in the business since its inception in the year 1994.

Financial Performance (for the year ended 31.03.2012)

Profit before depreciation, interest and tax	: ₹ 1027.47 lacs
Finance Cost	: ₹ 378.04 lacs
Depreciation	: ₹ 430.21 lacs
Profit before Tax	: ₹ 219.22 lacs
Provisions for Tax	: ₹ 49.60 lacs
Profit after Tax	: ₹ 169.62 lacs
Net worth	: ₹ 4757.86 lacs

Export Performance and foreign exchange earnings:	Export (FOB Value) (₹ Lac)	Net Foreign Exchange Earning (₹ Lac)
2011-2012	6,643.73	3,278.01
2010-2011	5,479.50	692.51
2009-2010	5,176.02	2,499.07

Foreign Investment or collaborators:

Investment in Share Capital by Foreign Companies : None

Foreign Collaborators : None

II. Information about the Appointee:

Name:	Deepak Jalan	Aloke Jalan
Age :	50 years	43 years
Qualification:	B.Com	B.Com
Other Directorship:	Linc Retail Ltd	None
Membership of Board Committee:	None	None

Job Profile and his suitability:

Mr. Deepak Jalan having 26 years of experience in the business is responsible for the overall operation of the Company with a specialization in international operations.

Mr. Aloke Jalan having 21 years of experience is responsible for marketing operation of the Company specially in the Western region.

Past Remuneration:

Mr. Deepak Jalan: ₹ 5,00,000/- p.m. in addition to perquisites as mentioned above.

Mr. Aloke Jalan : ₹ 4,00,000/- p.m. in addition to perquisites as mentioned above.

Remuneration Proposed: As mentioned in the respective resolutions and explanatory statement.

III. Other Information

Linc is one of the top three brands in Writing Instrument Industry in India. The profitability of the Company suffered during the previous year on account of steep increase in prices of raw materials and excise duty, which could not be passed on to our consumers in view of increased competition. The steep increase in the cost of debt further effected the profits of the Company. However the Company has taken steps like – increasing the volume, widening international presence, upgrading the product mix to move up the value chain, emphasis on branding etc. The measures taken will improve the profitability of the company, but it will be at this stage to quantify the effect of the measures taken.

IV. Disclosures

The shareholders are notified of the remuneration package in the respective resolutions of managerial personnel and explanatory statement.

The remuneration package and other terms applicable to the Directors have been disclosed in the Corporate Governance Report.

None of the Directors, except Shri Prakash Jalan relative of Shri Deepak Jalan and Shri Aloke Jalan and Shri Deepak Jalan and Shri Aloke Jalan being relatives of each other, are interested in the resolutions.

This explanation together with the accompanying Notice, is and should be treated as Memorandum of Interest under section 302 of the Companies Act, 1956.

By order of the Board

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

Registered Office
3, Alipore Road
Kolkata – 700 027
Dated: 7th August 2012

LINC
Zindagi Ke Liye

Linc Pen & Plastics Limited

Regd Office: Satyam Towers, 3, Alipore Road, Kolkata - 700 027

ATTENDANCE SLIP

(To be handed over, duly filled in, at the entrance of the Meeting Hall)

Name & Address of the Member

Name of the attending Member / Proxy* (in block letters): ....

....

Member's Folio /Client ID No: ....

No. Of Shares held: ....

I hereby record my presence at the 18th Annual General Meeting of the Company on Monday, 17th September, 2012 at 3.30 p.m. at "Shripati Singhania Hall", Rotary Children's Welfare Trust, 94/2, Chowringhee Road, Kolkata – 700 020.

Place: Kolkata

Member's / Proxy signature**

* Please strike off whichever is not applicable.

** To be signed at the time of handing over this slip.

LINC
Zindagi Ke Liye

Linc Pen & Plastics Limited

Regd Office: Satyam Towers, 3, Alipore Road
Kolkata - 700 027

PROXY FORM

I /We -- of

-- in the district of

---------------------------------- being a Member / Members of the above named Company, hereby

appoint -- of -- in the district of

---------------------------------- or failing him / her --

of -- in the district of --

as my /our Proxy to vote for me/us on my/our behalf at the 18th ANNUAL GENERAL MEETING of the said Company to be held on Monday, 17th September, 2012 at 3.30 p.m. and at any adjournment thereof.

Affix
Revenue
Stamp

Signed this ------------ day of September, 2012 Member's Signature

Folio/Client ID No: ____________________

Note: The proxy and the Power of Attorney (if any) under which it is signed or notarially certified copy of that Power must be deposited at the Registered Office of the Company at Satyam Towers, 3, Alipore Road, Kolkata – 700 027 not later than 48 hours before the time for holding of the Annual General Meeting.