LINC PENS

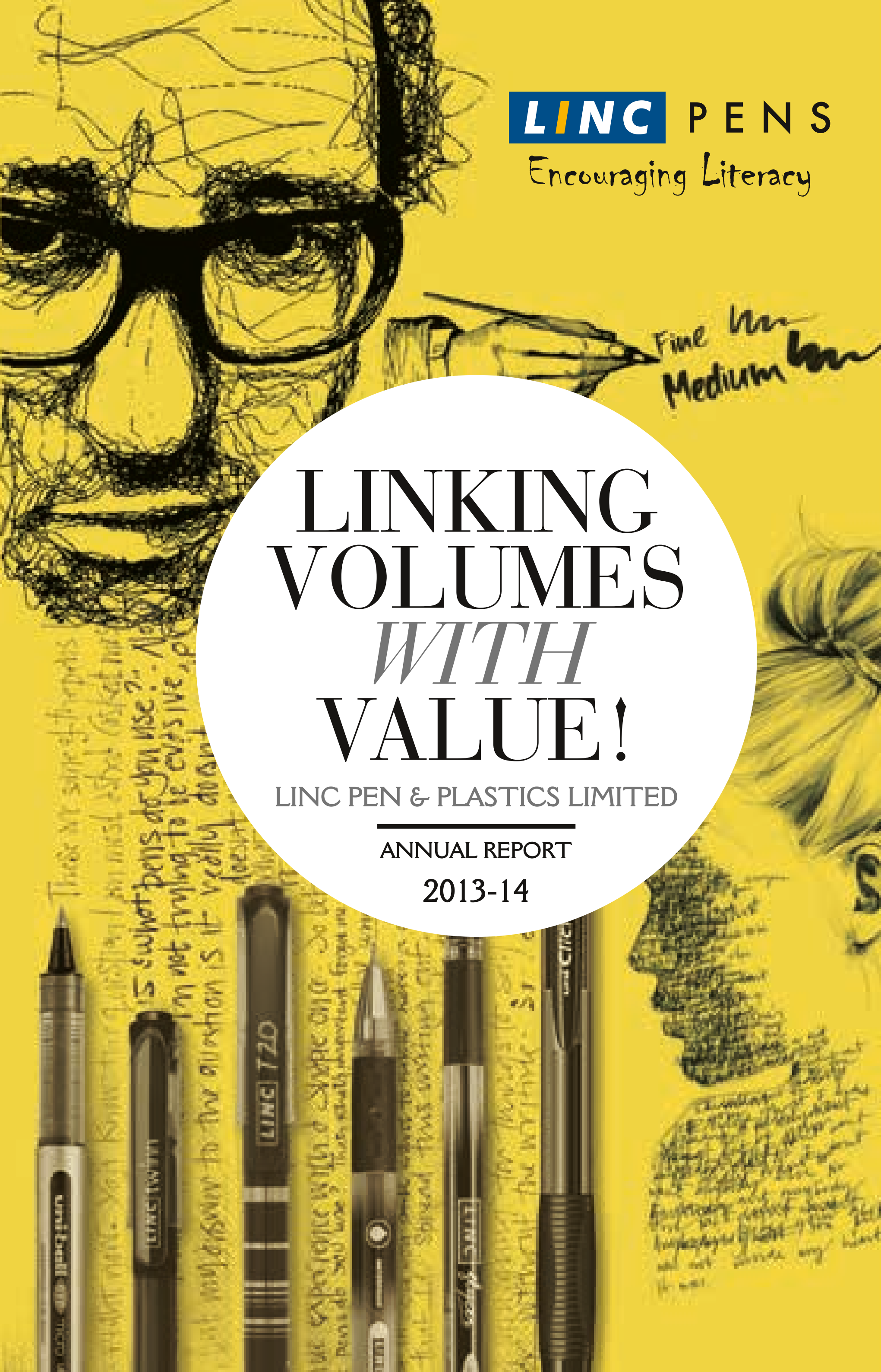
Encouraging Literacy

LINKING VOLUMES *WITH* VALUE!

LINC PEN & PLASTICS LIMITED

ANNUAL REPORT

2013-14



Forward-looking statements

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

At Linc, we may be engaged in the volume-driven business of writing instruments, but our focus is on enhancing organisational value.

This resolve was most visibly showcased during a challenging 2013-14. Consumer sentiment was weak, the rupee volatile and inflation high.

And yet, Linc selected just this moment to report attractive profitable growth: turnover grew 2.9% but net profit jumped 112.5%.

Contents

Linc is engaged in the challenging business of writing instruments.

Driven by the need to generate large volumes at one end and enhance margins at the other.

Over the years, the Company invested in its business – brand, distribution, promotion and scale - to strength its competitive advantage.

The result is that the Company has retained its market share, respect and recall across market cycles.

Vision

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

Mission

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

Core values

- Linc recognises that it is in business primarily to satisfy its customers
- Linc's performance must ultimately ensure increased value in the hands of its stakeholders
- Linc treats its employees and stakeholders with utmost respect and dignity
- Linc observes and adheres to the highest standards of ethical corporate behaviour
- Linc's employees work as a team to continually enhance stakeholder value and serve customers

Our business

Linc Pen and Plastics Limited is a one-stop-shop for writing instruments, pencils (wooden and disposable), sketch pens, geometry boxes and erasers, among others.

Brand

Linc (established in 1994) is more than just another company; it is a brand standing for a simple recall: 'If it is Linc, it must be good.'

Presence

Linc is a leading corporate, largely addressing the growing needs of the second most populous country in the world. Concurrently, it is a global organisation with international alliances and a marketing footprint in over 45 countries.

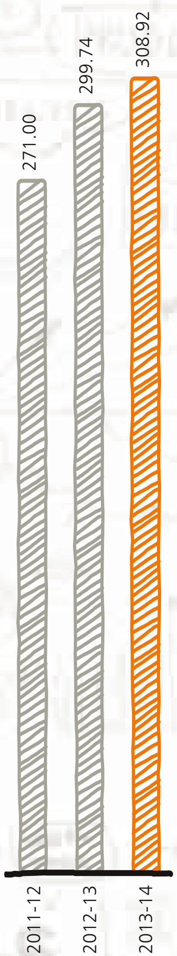
Manufacturing facilities

Linc's production capacity (including outsourcing) stands at about 2 million writing instruments per day, spread across showpiece manufacturing facilities in Falta (SEZ) and Serakole, both located on the outskirts of Kolkata. These manufacturing facilities are marked by a high degree of automation and integration (extruding, assembling, moulding and packaging), supported by cutting-edge R&D, robust procedural discipline and global certifications (ISO-9001:2008).

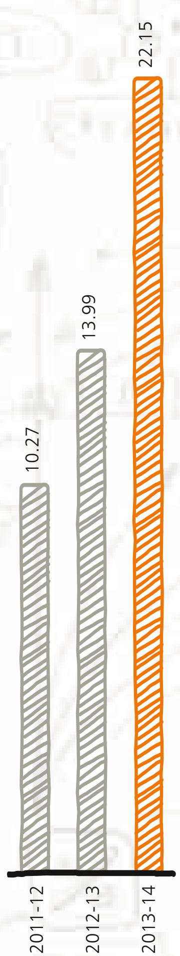
Alliances

Linc enjoys a longstanding relationship with Mitsubishi Pencil Co. Ltd., Japan, a global leader in writing instruments. The Company possesses the exclusive rights of distribution, marketing and packaging of Mitsubishi's Uniball brand in India. Mitsubishi picked up a 13% stake (strategic investment) in Linc in 2012.

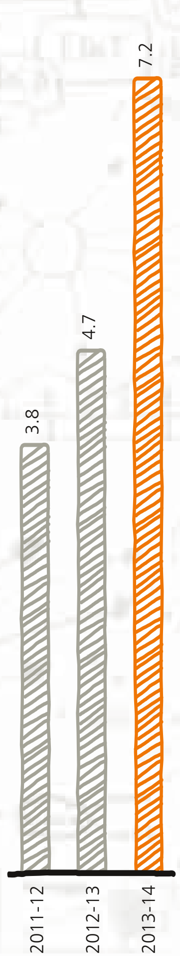
LINKING LEARNING WITH FINANCIAL SUCCESS



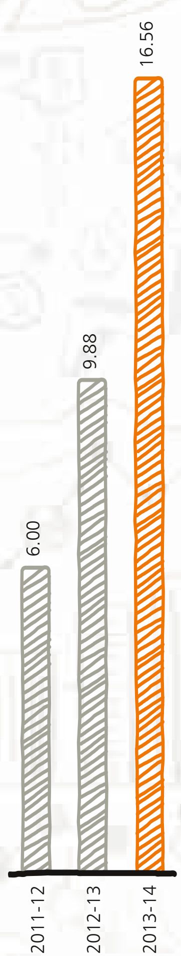
Sales
(₹ crore)



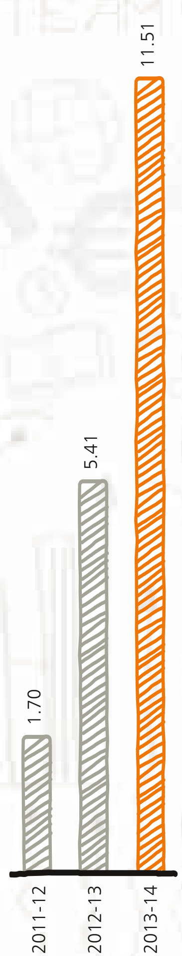
EBIDTA
(₹ crore)



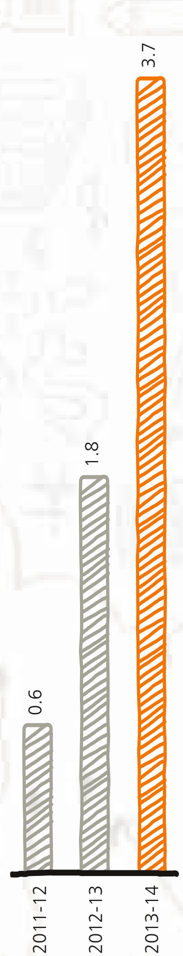
EBIDTA margin
(%)



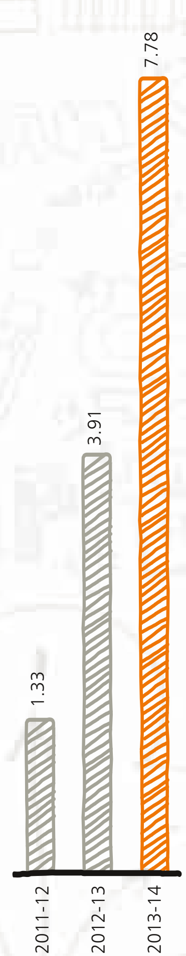
Cash profit
(₹ crore)



Net profit
(₹ crore)



Net profit margin (%)



Earnings per share (₹)

LINKING COST EFFICIENCY WITH BOTTOMLINE IMPROVEMENT

IN AN ENVIRONMENT MARKED BY COMPETITIVE PRESSURES THAT HAVE RESTRICTED BRANDS FROM RAISING STICKER PRICES, LINC EXPLORED VALUE ENGINEERING IMPROVEMENT **OPPORTUNITIES WITH THE OBJECTIVE TO ENHANCE PROFITABILITY.**

Some of Linc's value engineering initiatives comprised the following:

- Realigned the product portfolio towards value-added products and the strategic phase-out of slow-moving products.
- Streamlined branding and promotion costs from 2.5% in FY13 to 1.8% in FY14
- Moderated borrowings and achieved a consequent reduction in interest outflow.
- Reduced outsourcing, improving operational efficiency and reducing costs

Even though the Company reported only a 2.9% increase in topline, Linc's bottomline increased 112.5% in a challenging 2013-14.

LINKING SALES FOOTPRINT WITH PROFITABILITY ACCRETION

AT A TIME WHEN MOST MANUFACTURERS WOULD HAVE FOCUSED ON THE LARGE INDIAN MARKET, LINC SELECTED TO EMERGE **AS A GLOBAL BRAND, APPLING FOR BRAND REGISTRATION IN OVER 50 COUNTRIES.**

Linc reinforced its global competitiveness through the following initiatives:

- Linc evolved its singular focus to widening its international presence in its own brand name
- Linc increased export revenues from ₹77 crore in 2012-13 to ₹91 crore in 2013-14; the 18% increase was considerably higher than the Company's overall 2% increase in revenues; Linc successfully raised the share of exports in overall revenues from 25% to 29% during the fiscal, with an aim to reach 50%.
- Linc widened its global footprint by eight countries in 2013-14, taking the total to over 45.
- Linc dedicated one of its manufacturing locations to service international sales; the shift from outsourcing to in-sourcing strengthened the Company's operations reducing the lead delivery time by about 20 days.

As a result, the Company's EBIDTA margin expanded 250 bps to 7.2% in 2013-14.

"THE COMPANY HAS SHIFTED ITS PORT OF CALL, A STRATEGIC SHIFT THAT WILL ENHANCE MARGINS; INCREASED PROMOTIONAL SPENDING WILL TRANSLATE INTO A GREATER OFFTAKE OF BRAND-SENSITIVE PRODUCTS."

- Deepak Jalan, *Managing Director*

Q: How would you review the performance of the Company during the last financial year?

A: The last financial year was one of the most significant for us in a long time. The reason is simple: for years, we addressed a volume-driven business in a volume-driven way through the launch of products that addressed the largest segment within our business. The time has come to graduate to a more effective strategy.

Q: Which strategy?

A: Linc graduated from a volume-driven approach to a value-driven one. The volume-driven approach, which really revolves around the manufacture of products around the sub-₹5 price point, is one marked by a relatively low quality requirement. As a result, this segment has low entry barriers, which enhances the intensity of competitive action. However, over the last few years, we began to notice an interesting reality: that there is a greater traction of the Indian consumer towards better-priced products – products that are driven by aesthetics and writing quality. As an opportunity-seeking organisation, we are responding to this reality with speed, products and branding.

Q: Did this actually transpire during the last financial year?

A: One could see the impact of this strategic shift in three realities during the last financial year. The Company grew its revenues by only 2.9% even as the industry grew by about 6-8%. What appeared to be a case of industry under-performance was, in effect, deliberate; the Company consciously selected to vacate specific slow-moving products. The result of this conscious product phase-out resulted in a deliberate revenue draw-down, but more importantly liberated our financial and manufacturing resources that could then be deployed for the manufacture of more profitable products. The evolution in our product mix can be explained from a growth of over 30% in revenues from the ₹10-and-above pen segment in the last three years.

Q: What was the metric that you would like to draw shareholder attention to?

A: Margins! At Linc, we recognise that we are in business to enhance value, not just market share; to be the best and not necessarily be the biggest. Size is a byproduct in our journey towards excellence, not necessarily the singular focus. There is no virtue in market share if that does not translate into enhanced profitability. In line with this strategy, the Company focused on value-added products and the result was visible in our enhanced EBIDTA margins: 4.7% in 2012-13 to 7.2% in 2013-14.

Q: What is the other key achievement which you would like to highlight?

A: The correlation between our brand-spend and profits, which is really an index of our brand strength translating into a consumer pull. Last year, we invested ₹3.15 crore in our brand. For every rupee that we invested in our brand, we generated ₹98 in revenues compared to the previous year's corresponding revenue of ₹62. This shows that our brand returned more potent numbers during the year under review, a reality that should stand us in good stead across the foreseeable future.

Q: What is the one development that gave you a great deal of pleasure?

A: Our ability to increase prices after years of price erosion. This was not as easy as it appears for an important reason. For years, we priced each of our writing instruments at ₹5 each; the next pricing slab was ₹10 per unit and there was a challenge in being able to price in between because of a resistance in paying anything more than ₹5 because of a curious reality – the paucity of finding loose incremental change to pay for the pen. The challenge then was in trying to addressing the problem of loose change on the one hand and increasing realisations on the other. During the year under review, we cracked both problems through a unique approach – we priced three writing instruments for ₹20, the first ever time that such a bunching was attempted within our industry. This immediately raised our realisations; besides, it generated incremental sales through the creation of a new price point for the first time within our sector.

Q: What is your take from the Company's working during the year under review?

A: The big take is that the Company has shifted its port of call, a strategic shift that will enhance margins; increased promotional spending will translate into a greater offtake of brand-sensitive products. In view of these realities, I am optimistic that the Company is headed for better days.

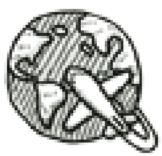
BUSINESS STRATEGY

Innovation

Linc aspires to become the world's most trusted stationery company, respected for its quality, innovation and product value.

Relationships represent the basis of the Company's growth strategy: with dealers, customers and alliance partners, making it possible for the Company to introduce and market products with efficiency.

Linc is actively carving a niche in the semi-premium segment of the writing instruments sector. The Company introduced a new product (Twinn) a first of its kind with a pen on one side and a pencil on the other in 2013-14.



Logistics

Linc ensures anytime anywhere product availability - in India and select countries, emerging as a globally-respected writing instruments brand.

The Company is enlarging its global footprint by extending into under-penetrated markets to address the growth in global office stationery, supplies and services and outperform the projected global CAGR of 3.63% in 2012-2016 *(Source: Research and Markets, March 2014)*.

Linc expanded its footprint to eight new countries in 2013-14. As a prudent strategy, Linc optimised the number of distributors by selecting to focus on the most appropriate partners, leading to faster revenue accretion.

Quality

Linc is focused on the research and manufacture of quality writing instruments that hold the potential of being positioned as industry benchmarks.

Linc delivers products that adequately address consumer needs, generate a consumer surplus, reinforce customer relationships and ensure successful line extensions.

The Company enhances quality via continuous operational monitoring. The Company's Falta unit was ISO 9001:2008-certified in 2014. A 5S quality management system has enhanced productivity.

Operational efficacy

Linc has implemented a variety of techniques, systems and tools in attaining sustainable improvement across key operational metrics.

The 5S helped halve the rejection rate in 2013-14. The Company delivers the right product to the right place at the right time in the right quantity, minimising wastage and enhancing flexibility.

Brand building

Linc focuses on building enduring relationships between the product and customers as a means of brand segregation. Linc is building a unique portfolio of stationery products through customer and market research.

Linc is addressing the niche mid-segment between the premium and mass segments.

The Company's advertisement investment of ₹3.15 crore accounted for about 1% of the Company's revenues in 2013-14.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

The Indian economic growth continued to be slow for another straight year with the country recording a GDP growth of 4.7%. The year 2014 is likely to be a 'recovery year', with economic growth recovering, inflation easing and the Indian currency remaining largely stable.

Indian writing instruments industry

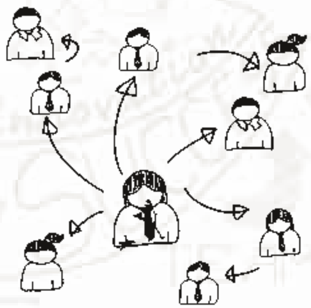
The ₹3000 crore Indian writing instruments industry has a large unorganised sector estimated at around 20-25%. The market for writing instruments below ₹15 a unit grew at 7-8%, whereas the demand for pens above ₹15 grew 8-10% annually. Linc possessed an all-India market share of 10%, retaining its position among the top three Indian players and accounting for the largest share in Eastern India.

Indian stationery market

The Indian stationery industry is classified into the segments of office stationery, school stationery, paper products and computer stationery. The country's stationery market is catalysed by industrial growth and the expansion of its education sector. A large number of international brands operate independently in India or in association with Indian manufacturers and distributors such as Reynolds, Parker, Cross, Mont Blanc and Pierre Cardin, among others.

The bulk of offtake in the Indian stationery market is moving from the unbranded to the branded, catalysed by frequent (students and office workforce) and occasional users (housewives and literate manual workers).

The domestic pens market can be divided into ball point pens and gel pens. Ball point pens account for a 72% share of the market while gel pens constitute the rest. Interestingly however, gel pens are becoming increasing popular among students while the use of marker pens are growing fast following increased use in the corporate sector.



Close to 80% of the revenues of the country's pens industry is derived from products priced below ₹15 per unit

Close to 80% of the revenues of the country's pens industry is derived from products priced below ₹15 per unit; a small revenue percentage is derived from pens priced between ₹100 and 300.

Consumption catalysts

Population growth: The country's population growth is expected to sustain the offtake of writing instruments. India's population grows annually by 1.58% corresponding to an increase in 20 million people. Besides, India enjoys a unique advantage in that around 15% of its population can be classified as middle-class (usually the largest consumption segment within an economy).

Incomes: The sustained increase in per capita incomes is increasing disposable incomes, translating into increased spending on writing instruments. For instance, per capita incomes increased 10.4% to ₹74,920 in 2013-14. Besides, the number of 175,000 Indian millionaire households strengthened its position from 16th highest in the world to 15th highest, with the projection that India could emerge as the seventh wealthiest nation by 2018. This increase in affluence could translate into a stronger offtake of premium writing instruments.

Demographics: More than 50% of India's population is below the age of 25 and around 65% below the age of 35, making India one of the youngest countries. As an extension, this combination of youthfulness and economic productivity is catalyzing the offtake of premium writing instruments.

Urbanisation: An Index Mundi study indicates that India's urban population has grown by 2.47% annually over the last decade, making it the fastest urbanising country in the world. India's urban population is expected to increase from 31% to 40% by 2020 on an enlarging population, strengthening prospects for writing instrument brands.

Literacy: The Indian literacy rate stands at 74.04%.

Government priority: The Union Budget 2013-14 proposed an education outflow of ₹65,867 crore, against ₹61,427 crore in 2012-13, representing a 17% increase. School education, with an enrollment of more than 220 million, was allocated ₹49,659 crore against ₹45,969 crore in the previous year. The total education outlay, including Plan and non-Plan allocation, rose by 7.3% to ₹79,451 crore in 2013-14 from ₹74,056 crore during 2012-13.

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Government schemes: Outlays to the Rashtriya Madhyamik Shiksha Abhiyan (RMSA) increased from ₹3,124 crore in 2012-13 to ₹3,983 crore in 2013-14. The Sarva Shiksha Abhiyan (government's flagship elementary education programme to provide universal primary education to children between 6-14 years) sought to open new schools in those habitations without schooling facilities and strengthening existing school infrastructure. The government allocated ₹27, 258 crore to the Sarva Shiksha Abhigyan for FY14. The Government allocated ₹3,692 crore towards Kasturba Gandhi Balika Vidyalaya (KGBV) in 2013-14. After the RTE Act came into existence, an additional 1,030 KGBVs were sanctioned, taking the total number to 3,600 across the country. A presentation made by the HRD Ministry to the Consultative Committee expressed that Rashtriya Uchhatar Shiksha Abhiyan (RUSA) will increase the gross enrollment ratio from 18% to 30% by 2020.

BUSINESS DRIVERS

INTERNATIONAL BUSINESS

Strategies, 2013-14

- Linc added eight new countries, taking the tally to over 45 countries
- Linc targeted countries with similar demographics, reasonably high population and a growing literacy

Highlights, 2013-14

- Achieved 18% increase in exports from ₹77 crore in 2012-13 to ₹91 crore in 2013-14
- In 2012-13 exports stood at 25% of the total revenue, and increased to 29% in 2013-14
- Cashed in on a first-mover's advantage by exporting the breakthrough Linc Twinn
- Received the Eastern Region Export Excellence Awards for the year 2012-13 Gold Trophy (Star Export House - MSME).

Outlook, 2014-15

- Tap at least five more countries and widen the customer base
- Reduce delivery lead time in the international markets
- Continue to develop innovative and fast-moving products

QUALITY

Strategies, 2013-14

- The Company intends to uphold quality best practices with a benchmarking strategy

Highlights, 2013-14

- Linc's Falta unit received the ISO 9001:2008 certification
- Sustained 5S practices across the shop-floor

Outlook, 2014-15

- Expect to receive the SA-8000 certification (ethical audit certificate) to tap a larger basket of international markets

DOMESTIC MARKET

Strategies, 2013-14

- Linc was the first company to have started a consumer-friendly packaging (three in a pack), which helped the Company create a niche segment, sell more and improve its average realisation.
- Launched Twinn, a first-of-its-kind product with a pen on one side and a pencil nib on the other; two free pencil nibs are also provided in the pack for just ₹10
- Initiated marketing through digital media platforms such as Facebook, Twitter, Google+, Pinterest and Instagram with an emphasis on the age group between 13-18 years.

Highlights, 2013-14

- Started focusing on value-driven products
- Prudent spending on Advertisement & Promotion.
- Upward price revision
- Improved operational efficiency due to consolidation of operation.

Outlook, 2014-15

- Devise new branding strategies for the unique Twinn
- Tie up with the film *Bhootnath Returns* for product placement; Linc also plans to launch the Bhootnath series pack of three pens
- Invest in digital marketing
- Margin expansion via the premium brand Cruiser.

OPERATIONS

Strategies, 2013-14

- Linc moved from outsourcing to in-house product development to reduce cost and reinforce quality (with high product traceability)
- Linc reduced lead time due to a shift from outsourcing to in-house product development. A case in point: exports lead time of was brought down by about 20 days in 2013-14.

Highlights, 2013-14

- Increased automation of assembling and packaging, bringing about a reduction in the rejection rate.
- Slow shift from outsourcing to in-house operation to improve quality and operational efficiency.
- Improvement in lead time due to a shift from outsourcing to in-sourcing

Outlook, 2014-15

- Further automation of the Falta and Serakole units
- Reduce outsourcing
- Improve efficiency and reduction in lead time.

MANAGING RISKS AT LINC

"The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks."
– *Mark Zuckerberg*

Linc understands the impact of industry uncertainties and their possible outcomes, leveraging this deep knowledge to undertake proactive counter-measures to strengthen viability across verticals, products, geographies and market cycles.

1 INDUSTRY RISK

A downturn in the writing instruments industry may impact the Company's profitability

Mitigation

- The total market size of the Indian writing instruments industry is estimated at ₹3000 crore.
- Linc, being among India's top-three sectoral players, is exposed to a large opportunity pool
- Leveraging its core competitiveness, the Company has been consistent in its performance.

2 GEOGRAPHIC RISK

An inability to widen the sales footprint can adversely affect revenue growth

Mitigation

- Linc enjoys an entrenched presence in India with a footprint across country's Tier II, III and IV markets
- The Company's products are sold in over 45 countries
- The split between domestic and export sales was 71%-29% in 2013-14, indicating an attractive sales mix

3

COMPETITION RISK

Competitive pressures might weaken business viability

Mitigation

- Linc is the largest writing instruments company in East India and the third largest in the country with market share of 10%
- With a view to rise above commoditised volume pressures, Linc embraced a shift in strategy to value-added products, riding the strength of its robust brand equity

4

PRODUCT PORTFOLIO RISK

An inability to introduce innovative products may lead to sales stagnation

Mitigation

- Linc added three new products to its portfolio in 2013-14, comprising Zapp, Polco and Twinn, targeting the mass segment
- The Company strategically phased unprofitable products out to concentrate on fast-moving products

5

QUALITY RISK

Inconsistencies in quality could dilute brand equity

Mitigation

- Linc's manufacturing facilities are supported by cutting-edge R&D practices and well-structured procedural discipline; the Company also enjoys the ISO-9001:2008 quality certification
- Linc has embraced the Japanese 5S system for total productivity maintenance (TPM). This helps control rejects and enhances worker and equipment productivity

INTELLECTUAL CAPITAL

In a competitive business environment, the eventual difference comes down to people and their competencies.

Over the years, Linc has reinforced its people skills and capabilities. The Company provides an invigorating environment, marked by team work, meritocracy and knowledge accretion. Linc epitomises a mix of experience and energy – the average age of the 683-strong workforce was 35 years as on 31 March 2014.

Some of the welfare measures initiated by the Company for employees are:

- Personal accident coverage & group Mediclaim policy worth ₹1 lac with family floater for all employees.
- Compassionate leave, paternity leaves, leaves on anniversaries and birthdays.
- Educational allowance for up to two children for shop-floor employees and support staff, recognition for excellence in education for the children of employees.
- Marriage exgratia on self marriage of employees. Financial assistance of ₹21K to the shop floor employees on the marriage of their sister & daughter.

CORPORATE SOCIAL RESPONSIBILITY

At Linc, we understand the importance of corporate social responsibility in the society. These are some of our activities we have undertaken in the past few years.

REFILL MORE

Refill More, a unique initiative by Linc Pen & Plastics Ltd was started in 2010. It aims at ushering in sustainability through the recycling of pens and encouraging the reuse of refills.

As a part of this campaign, Linc Pens placed Refill More bins at strategic points across major schools in Kolkata, which allows students/teachers to dispose used/damaged pens. Once the bins are full, the school contacts the Linc Office which collects these bins and sends them to its factory at Serakole for onward recycling. At the end of the year, Linc felicitates the school with the highest number of pens collected.

The aim for FY14-15 is to associate with more NGOs, nature clubs, NSS departments and environmental groups across schools and colleges in India.

SPELLINC

Linc Pen & Plastics Ltd pioneered the inter-school spelling competition in India in 1999. What started as recreational activity for Linc employees has since spiraled into a CSR initiative that catalyses literacy.

From a humble beginning where a handful of schools participated at Kolkata to achieving a participation of 5.25 lac students from 1200 schools across eight cities in the country, Spellinc has grown into a brand of its own.

The year 2013-14, which was also the 15th year of SPELLINC, witnessed the first National Final held at Kolkata on 7th May 2014 where La Martiniere for Girls were adjudged national winners. This year, automobile giant Renault India associated with the event, recognising its huge potential.

This event also provides Linc an opportunity to sample its latest products to students, teacher, principals and school authorities.

In the coming year, we intend to take Spellinc to greater heights and expand to more corners of the country.

WRITE-O-VALUES

This unique concept was the brainchild of Linc Pens to encourage students to improve their handwriting along with instilling in them much-required moral values. Currently, in its eighth year 2.5 lac students from Delhi, Mumbai and Bangalore participated in this Moral Handwriting Competition in 2013.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 20th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2014.

Financial Highlights

(₹ in Lacs)

	2013 – 14	2012 – 13
Sales & Other Operational Income	31410.28	30525.70
Other Income	8.55	37.96
Profit before depreciation, interest and taxation	2215.29	1398.98
Finance Cost	237.21	248.31
Depreciation	505.02	446.88
Profit before Tax	**1473.06**	**703.79**
Provision for Taxation – Current	305.00	150.00
– Deferred	17.37	12.36
– Income Tax for earlier years	(0.20)	–
Profit after Tax	**1150.89**	**541.43**
Add: Credit Balance of the previous year	288.21	288.41
Amount available for Appropriation	1439.10	829.84
Transfer to General Reserve	700.00	300.00
Proposed Dividend	295.72	207.90
Corporate Tax on Dividend	50.26	33.73
Balance carried to Balance Sheet	393.12	288.21

Dividend

Your Directors recommend a Dividend of ₹2/- per equity share (previous year ₹1.50 per equity share) for the year ended 31st March, 2014.

Financial Performance

Performance: During the year under review, the Company's Sales (incl. Other Operational Income) increased by only 2.9% to ₹31410.28 Lacs as compared to ₹30525.70 Lacs during the preceding year. The Company spend ₹570.79 Lacs (1.8% of Sales) on Advertisement & Promotion in 2013-14 as compared to ₹755.05 Lacs (2.5% of Sales) in 2012-13. The EBIDTA increased to ₹2215.29 Lacs (7.2% of Sales) from ₹1398.98 Lacs (4.7% of Sales).

The Profit after Tax during the year was ₹1150.89 Lacs as compared to ₹541.43 Lacs in the previous year, a jump of about 112.5%. Despite increase in prices of main inputs, the key factors which helped the Company in improving profitability during 2013-14 were –

a. Change in the sales mix.

b. Favourable Rupee-US Dollar Scenario.

c. Prudent spending on Advertisement and Promotions.

d. Upward price revision.

Working Capital: The year-end debtors are 48 days of the sales for the year as compared to 53 days in the previous year. The inventory holding is for 82 days' sales as compared to 80 days in the previous year.

Fixed Assets: The Company spent ₹925.54 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, 2014 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 – "D" 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

Dr. Ranjan Das, Shri Naresh Pachisia, Shri Kedar Nath Ranasaria are the Independent Directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Dr. Ranjan Das, Shri Naresh Pachisia, Shri Kedar Nath Ranasaria are being eligible and offer themselves for appointment as Independent Directors for five years with effect from the date of the ensuing Annual General Meeting (AGM) of your Company. The Company received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

On recommendation of Nomination and Remuneration Committee, Shri Anil Kochar was appointed as an Additional Director of the Company by the Board of Directors on 30th May, 2014. Mr. Kochar is now recommended for appointment as Independent Director in terms of Section 149 of the Companies Act, 2013, for five years with effect from the date of the ensuing AGM of your Company.

In accordance with the Articles of Association of the Company, Shri Aloke Jalan, Whole Time Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

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 - B.

Particulars of Employees

Information to be provided under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) rules, 1975, is given in Annexure - C forming part of this report.

Auditors

Your Directors request you to appoint Auditors.

Cost Audit

The Company had appointed Mr. Debabroto Banerjee, Cost Accountant, to audit its cost accounting records for the financial year 2013-14. The due date for filing the Cost Audit Report with the Ministry of Corporate Affairs is 30th September, 2014.

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	**Deepak Jalan**	**Aloke Jalan**
Dated: 30th May, 2014	*Managing Director*	*Whole Time Director*

ANNEXURE - B

A. Conservation of Energy

a) The following energy conservation measures are taken on 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 however, carrying on continuous education and awareness programs for its employees for 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 its consequent impact on cost of production.

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

B. Technology Absorption

The Company has no separate R&D section. The Company is however, developing new products and upgrading existing products 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, cost and lead time. Special emphasis on marketing Company's product 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 – ₹4732.40 Lacs

Foreign Exchange Earned – ₹8990.36 Lacs

ANNEXURE - C

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules and forming part of the Directors' Report for the year ended 31st March 2014

Name	Designation	Remuneration subject to tax (₹)	Qualification	Age / Experience (Years)	Date of Commencement of Employment	Details of last employment
Shri Deepak Jalan	Managing Director	90,47,000	B.Com	52 / 28	01.04.1995	Self employed
Shri Aloke Jalan	Whole Time Director	65,47,000	B.Com	45 / 23	01.05.2004	Self employed

Notes:

1. The nature of employment is contractual and other terms and conditions are as per Company's rules.
2. Remuneration includes Company's contribution to provident fund, provision for medical treatment as per Company's rules, monetary value of perquisites calculated as per Income Tax Act / Rules, Commission and does not include provisions for leave encashment, premium for gratuity and group insurance.

CORPORATE GOVERNANCE REPORT

ANNEXURE - D

1. Company's Philosophy on Code of Governance

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

2. Board of Directors

Composition and Category

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

- 2 Promoter, Executive Directors
- 3 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 Aloke Jalan	Promoter, Executive	Nil	Nil
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	2 (as Member)

* Directorships in Private Companies are not included

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

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, 2014, four Board Meetings were held on 30th May, 2013, 13th August, 2013, 13th November, 2013 and 13th February, 2014. 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 18.09.2013
Shri Naresh Pachisia	4	Present
Shri K. N. Ranasaria	4	Present
Dr. Ranjan Das	3	Leave of Absence
Shri Deepak Jalan	4	Present
Shri Aloke Jalan	3	Present

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, 2014, four Audit Committee Meetings were held on 30th May, 2013, 13th August, 2013, 13th November, 2013 and 13th February, 2014. The attendance of the Members were as under-

Members	No. of Meetings Attended
Shri K. N. Ranasaria, Chairman	4
Shri Deepak Jalan	4
Shri Naresh Pachisia	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 is permanent invitee at the meetings of the Committee.

5. Remuneration Policy

Non-executive directors are remunerated by way of sitting fees and are also entitled to a commission (to divided among them in such proportion as the Board may determine from time to time) not exceeding 1% of the net profits only. The Company pays remuneration by way of Salary, Perquisites, 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 ₹	Commission ₹	Total ₹	Service contract/ Notice period/ Severance fees
Shri Deepak Jalan	Brother of Whole Time Director	36,00,000	4,47,000	–	50,00,000	90,47,000	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	–	25,00,000	65,47,000	-do-
Shri Naresh Pachisia	None	–	–	44,000	5,00,000	5,44,000	Retire by rotation
Shri K. N. Ranasaria	None	–	–	44,000	5,00,000	5,44,000	-do-
Dr. Ranjan Das	None	–	–	30,000	5,00,000	5,30,000	-do-

6. Shareholders' Committee

i) Share Transfer Committee:

The Share Transfer Committee comprises of Shri Deepak Jalan and Shri Naresh Pachisia. The Committee deal with various matters relating to share transmission, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares. During the financial year ended 31st March, 2014, 6 (six) Share Transfer Committee Meetings were held. Number of Shares pending for transfers as on 31st March, 2014 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 formed to oversee the redressal of the Shareholders' and Investors' grievances in relation to transfer of shares, non-receipt of Annual Report, non-receipt of dividend etc. The total number of complaints received and replied, to the satisfaction of the shareholders during the year were 10. There were no outstanding complaints as on 31st March, 2014.

iii) Compliance Officer:
The Board has designated Shri N. K. Dujari, Chief Financial Officer & 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
2010 – 2011	08.09.11	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	10.30 a.m.
2011 – 2012	17.09.12	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.
2012 – 2013	18.09.13	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.

Three special resolutions were passed at 18th Annual General Meeting of the Company held on 17.09.2013. No special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 29th August, 2014.

8. Disclosures:

i) Details of related party transactions during the year have been set out under Note No. '27.5' 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 etc.

iv) The Non-executive Directors does not hold any shares of the Company as on 31st March, 2014.

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, 2014.

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 Financial Express, The Business Standard 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 presentation have been made to institutional investors or analysts etc.

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

10. General Shareholder Information:

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

i) Annual General Meeting

- Date and Time	:	29th August, 2014 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 – 2nd week of August, 2014 2nd Qtr – 2nd week of November, 2014 3rd Qtr – 2nd week of February, 2015 4th Qtr – end May, 2015

iii) **Book closure date** : 22.08.2014 to 29.08.2014 on account of AGM and Dividend.

iv) **Dividend payment date** : After 29th August, 2014

v) **Listing of Equity Shares on** Stock Exchanges at : i) **The Calcutta Stock Exchange Ltd.** 7, Lyons Range, Kolkata – 700 001
ii) **B S E Limited** P J Towers, Dalal Street, Fort, Mumbai – 400 001

vi) **Listing Fees** : Listing fee for the year 2013 – 2014 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, 2014, at the Bombay Stock Exchange

Month	High (₹)	Low (₹)
April, 2013	40.50	35.00
May, 2013	45.10	37.05
June, 2013	44.55	34.10
July, 2013	42.30	32.00
August, 2013	42.00	31.20
September, 2013	38.80	28.65
October, 2013	34.95	28.80
November, 2013	38.00	29.50
December, 2013	52.00	37.40
January, 2014	50.20	39.00
February, 2014	49.95	41.55
March, 2014	63.00	48.05

ix) Share Price performance in 2013-14 comparison to broad based indices – BSE Sensex

% Change in Linc's Share Price: 51.35%	% Change in BSE Sensex 18.85%

x) Share Transfer System: Presently, the share transfers which are received in physical form are normally effected within a maximum period of 15 days from the date of receipt and Demat are confirmed within a maximum period of 14 days by Registrar and Share Transfer Agent – M/s. Maheshwari Datamatics Pvt. Ltd, 6, Mangoe Lane, Kolkata-700 001.

xi) Distribution of Shareholding:

Distribution of Shareholding by Ownership:

	Holding Pattern	No. of Shares	Shareholding %
1	Promoters & Associates	89,38,033	60.45
2	NRI, FIIs, etc.	21,90,498	14.82
3	Private Corporate Bodies	11,86,091	8.02
4	Indian Public	24,71,338	16.71
	Total	**1,47,85,960**	**100.00**

Distribution of Shareholding by Size:

Range of Shares	Shareholders		Shares	
	Number	%	Nos.	%
1 to 500	5,210	86.69	5,43,174	3.67
501 to 1000	356	5.92	3,00,146	2.03
1001 to 5000	327	5.44	7,69,204	5.20
5001 to 10000	54	0.90	3,87,861	2.63
10001 & above	63	1.05	1,27,85,575	86.47
Total	**6,010**	**100.00**	**1,47,85,960**	**100.00**

xii) Dematerialisation of Shares:

Holding	No. of Holder	%	No. of Shares	%
Physical	829	13.79	2,20,827	1.49
Demat	5,181	86.21	1,45,65,133	98.51
Total	**6,010**	**100.00**	**1,47,85,960**	**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 Parganas (South), West Bengal; and

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

xv) Address for Correspondence:

For Share Transfer and related queries -	For General Assistance
M/s. Maheswari Datamatics Pvt. Ltd.	Mr. N. K. Dujari,
6, Mangoe Lane, 2nd Floor,	Chief Financial Officer & Company Secretary
Kolkata – 700 001	Linc Pen & Plastics Ltd
Phone – 22435029/5809,	3, Alipore Road, Kolkata – 700 027
Fax – 2248 4787	Phone – 3041 2100 / 2479 0248,
e-mail – mdpl@cal.vsnl.net.in	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, 2014.

Deepak Jalan
Managing Director

Kolkata, 30th May, 2014

CEO / CFO CERTIFICATION

The Board of Directors
Linc Pen & Plastics Limited
Kolkata

Re: Financial Statements for the financial year 2013-14
- Certification by MD and CFO

We, Deepak Jalan, Managing Director and N. K. Dujari, Chief Financial Officer & Company Secretary, of Linc Pen & Plastics Limited, on the review of financial statements and cash flow statement for the year ended 31st March, 2014 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, 2014 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
Chief Financial Officer &
Company Secretary

Deepak Jalan
Managing Director

Kolkata
30th May, 2014

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, 2014, 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 above-mentioned 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: 30th May, 2014

Director's Profile

DR. RANJAN DAS,

65, 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 18 years experience in strategic & functional management, teaching, training, consulting and research. Prior to that he had 20 years of industry experience during which he held senior positions as GM of a MNC and MD of a Joint Sector Company.

SHRI NARESH PACHISIA,

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

SHRI KEDAR NATH RANASARIA,

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

SHRI ANIL KOCHAR,

57, director, a graduate in commerce and LLB, is an eminent advisor on income tax matters. He brings with him a wide experience to the Board.

SHRI ALOKE JALAN,

45, wholetime director, a commerce graduate with 23 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,

52, managing director, a commerce graduate with 28 years of experience in the business, he is responsible for the overall operations of the Company with a specialisation in international operations.

Independent Auditors' Report

To
The Members of
Linc Pen and Plastics Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Linc Pen and Plastics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) 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
   c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet and Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
   e) In the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For G.P. AGRAWAL & CO.
Chartered Accountants
F.R. NO. 302082E

(CA. AJAY AGRAWAL)
Partner
Membership No.17643

7A, KIRAN SHANKAR RAY ROAD,
KOLKATA – 700001
DATED, THE 30TH DAY OF MAY 2014

Annexure to the Auditors Report

Referred to in our report to the members of LINC PEN AND PLASTICS LIMITED on the accounts for the year ended 31st March 2014:

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

b) The fixed assets have been physically verified during the year by the management. To the best of our knowledge, no material discrepancies were noticed on such verification.

c) The Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

ii) a) The inventories have been physically verified during the year by the management at reasonable intervals. In respect of inventories lying with third parties, confirmation has been obtained from them.

b) In our opinion and according to the information and explanations given to us, the 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 clause (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 clause (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, 2014 for a period of more than six months from the date of becoming payable.

b) The disputed statutory dues aggregating to ₹330.34 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	15.51	A.Y. 2002-03	ITAT
The Income Tax Act, 1961	Income Tax	32.73	A.Y. 2003-04	ITAT
The Income Tax Act, 1961	Income Tax	16.97	A.Y. 2004-05	ITAT
The Income Tax Act, 1961	Income Tax	25.16	A.Y. 2005-06	ITAT
The Income Tax Act, 1961	Income Tax	106.24	A.Y. 2006-07	ITAT
The Income Tax Act, 1961	Income Tax	0.82	A.Y. 2007-08	ITAT
The Income Tax Act, 1961	Income Tax	61.91	A.Y. 2008-09	ITAT
The Income Tax Act, 1961	Income Tax	71.00	A.Y. 2009-10	ITAT
	Total	330.34		

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 pledge of shares, debentures and other securities.

xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to this Company.

xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Therefore, the provisions of para (xiv) of the paragraph 4 of the said order are not applicable to the Company.

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. Therefore, the provisions of para (xix) of the paragraph 4 of the said order are not applicable to the Company.

xx) The Company has not raised any money during the year by public issue. Therefore, the provisions of para (xx) of the paragraph 4 of the said order are not applicable to the Company.

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
F.R. NO. 302082E

(CA. AJAY AGRAWAL)
Partner
Membership No.17643
7A, KIRAN SHANKAR RAY ROAD,
KOLKATA – 700001
DATED, THE 30TH DAY OF MAY 2014

Balance Sheet as at 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	1,478.60	1,478.60
(b) Reserves and surplus	3	6,383.97	5,579.06
		7,862.57	7,057.66
(2) Non-current liabilities			
(a) Long-term borrowings	4	7.74	98.82
(b) Deferred tax liabilities (Net)	5	219.16	201.79
(c) Long-term provisions	6	85.60	84.38
		312.50	384.99
(3) Current liabilities			
(a) Short-term borrowings	7	3,264.23	2,930.80
(b) Trade payables	8	2,449.63	2,736.36
(c) Other current liabilities	9	1,374.41	1,432.43
(d) Short-term provisions	10	352.66	246.63
		7,440.93	7,346.22
TOTAL		15,616.00	14,788.87
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		3,286.09	2,906.55
(ii) Intangible assets		11.78	19.64
(iii) Capital work-in-progress		50.28	35.32
		3,348.15	2,961.51
(b) Long-term loans and advances	12	460.87	234.36
(c) Other non-current assets	13	1.63	15.34
		3,810.65	3,211.21
(2) Current assets			
(a) Inventories	14	7,021.39	6,607.22
(b) Trade receivables	15	4,134.08	4,429.32
(c) Cash and bank balances	16	22.54	29.76
(d) Short-term loans and advances	17	602.18	477.64
(e) Other current assets	18	25.16	33.72
		11,805.35	11,577.66
TOTAL		15,616.00	14,788.87
Significant Accounting Policies	1		
Other Disclosures	27		

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

For and on behalf of the Board

(CA. Ajay Agrawal)
Partner
Membership No.17643

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

N. K. Dujari
Chief Financial Officer & Company Secretary

7A, Kiran Shankar Ray Road, Kolkata - 700 001
The 30th day of May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2014		Year ended 31st March, 2013	
Income					
I. Revenue from operations	19				
Sale of goods (Gross)		31,073.35		30,152.35	
Less: Excise duty		180.87		178.46	
Net Sale of goods		30,892.48		29,973.89	
Other operating revenues		517.80		551.81	
			31,410.28		30,525.70
II. Other income	20		8.55		37.96
III. Total revenue (I + II)			31,418.83		30,563.66
IV. Expenses					
Cost of materials consumed	21		11,339.20		11,170.71
Purchases of stock-in-trade	22		10,570.67		9,952.95
(Increase)/decrease in inventories of finished goods, work-in-progress and stock in trade	23		(331.17)		476.95
Employee benefits expense	24		1,666.16		1,560.16
Finance costs	25		237.21		248.31
Depreciation and amortization expense			505.02		446.88
Other expenses	26		5,958.68		6,003.91
Total expenses			29,945.77		29,859.87
V. Profit before exceptional and extraordinary items and tax (III - IV)			1,473.06		703.79
VI. Exceptional items			–		–
VII. Profit before extraordinary items and tax (V - VI)			1,473.06		703.79
VIII. Extra ordinary items			–		–
IX. Profit before tax (VII - VIII)			1,473.06		703.79
X. Tax expense:					
Current tax			305.00		150.00
Deferred tax			17.37		12.36
Income tax for earlier years			(0.20)		–
			322.17		162.36
XI. Profit for the year (IX-X)			1,150.89		541.43
XII. Earnings per equity share					
- Basic and diluted (₹)	27.4		7.78		3.91
(Face value ₹10/- per equity share)					
Significant Accounting Policies	1				
Other Disclosures	27				

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

For and on behalf of the Board

(CA. Ajay Agrawal)
Partner
Membership No.17643

Deepak Jalan
Managing Director

Aloke Jalan
Whole Time Director

N. K. Dujari
Chief Financial Officer & Company Secretary

7A, Kiran Shankar Ray Road, Kolkata - 700 001
The 30th day of May, 2014

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 and Companies Act, 2013 to the extent applicable.

Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

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 realization 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 / materialized .

c) Revenue Recognition:

i) Revenue from Sale of Goods is recognized upon passage of title to the customers.

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

iii) Interest income is recognized 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).

Significant Accounting Policies to Financial Statements

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 recognized in the Statement of Profit and Loss.

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 recognized 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 recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuations. Actuarial gains and losses in respect of post employment and other long-term employee benefits are recognized in the Statement of Profit and Loss.

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 unrecognized deferred tax assets of earlier years) are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j) Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is one that necessarily takes a

Significant Accounting Policies to Financial Statements

substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalisation during the year.

k) Insurance Claims :

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

l) 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 recognizes 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 recognized 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.

m) Provisions, Contingent liabilities and Contingent Assets:

Provisions are recognized 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.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

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 recognized in the Accounts.

n) 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.

o) 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 Accounts

2 SHARE CAPITAL

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹10/- each	15,000,000	1,500.00	15,000,000	1,500.00
Issued, subscribed and fully paid up				
Outstanding at the beginning of the year	14,785,960		12,785,960	
Add: Shares Issued for cash	–		2,000,000	
Outstanding at the end of the year	14,785,960	1,478.60	14,785,960	1,478.60
		1,478.60		**1,478.60**

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 4,785,660 (previous year 4,785,660 upto 31.3.13) 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 :

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of ₹10/- each fully paid up				
Mrs. Sarita Jalan	2,024,000	13.69	2,024,000	13.69
Mrs. Shobha Jalan	2,000,730	13.53	2,000,730	13.53
M/s. Mitsubishi Pencil Co. Ltd.	2,000,000	13.53	2,000,000	13.53
M/s. Linc Writing Aids Pvt. Ltd.	1,640,207	11.09	1,590,109	10.75
Mr. Suraj Mal Jalan	1,067,783	7.22	1,087,783	7.36
Mr. Aloke Jalan	787,216	5.32	787,216	5.32
Mr. Deepak Jalan	783,520	5.30	783,520	5.30

Notes to Accounts

3 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Securities premium account				
Balance as per last account	2,096.94		296.94	
Add: Received during the year	–		1,800.00	
Closing Balance		2,096.94		2,096.94
General reserve				
Balance as per last account	3,193.91		2,893.91	
Add: Transfer from surplus as per Statement of profit and loss	700.00		300.00	
Closing Balance		3,893.91		3,193.91
Surplus in the Statement of profit and loss				
Balance as per last statement	288.21		288.41	
Add: Net profit for the year as per Statement of profit and loss	1,150.89		541.43	
Amount available for appropriation	1,439.10		829.84	
Less: Appropriations				
Proposed dividend	295.72		207.90	
Tax on proposed dividend	50.26		33.73	
Transfer to general reserve	700.00		300.00	
Closing balance		393.12		288.21
		6,383.97		5,579.06

a. General Reserve is primarily 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 2014, dividend ₹2/- 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, 2014 amounted to ₹345.98/- lacs including corporate dividend tax of ₹50.26 lacs.

c. During the year ended 31st March, 2013, dividend ₹1.50 per equity share was recognised as distribution to equity sharholders. The total dividend appropriation for the year ended March 31, 2013 amounted to ₹241.63 lacs including corporate dividend tax of ₹33.73 lacs.

4 LONG-TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Term loans (Secured)				
- From banks				
Rupee loans		–		6.14
Foreign currency loans		–		74.24
Vehicle Loans (Secured)				
- From banks	2.87		6.82	
- From others	4.87	7.74	11.62	18.44
		7.74		98.82

Notes to Accounts

4 LONG-TERM BORROWINGS *(contd...)*

(₹ in Lacs)

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Term Loans From Banks				
Indian rupee loan from banks (Secured)	–	6.14	75.84	–
Foreign currency loan from banks (Secured)	–	74.24	–	100.00
	–	80.38	75.84	100.00
Amount disclosed under the head "other current liabilities" (Note No. 9)	–	–	(75.84)	(100.00)
Net Amount	–	80.38	–	–

a. Nature of securities :

i. Rupee term loan from banks carried interest @ 13.75% p.a. & Foreign Currency loan from bank carried interest @ 6 months LIBOR plus 5.25%.

ii. Indian Rupee / Foreign Currency Loan from bank was 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 was also guaranteed by the Managing Director, Whole Time Director and associate concern of the Company.

iii. Interest @ 9.77% to 10.25% is charged on vehicle loan, which is secured by way of hypothecation of vehicles of the Company.

b. Terms of Repayment of Loans:

(₹ in Lacs)

Name of Banks/Others	Amount outstanding as on the Balance Sheet date	Period of maturity w.r.t. Balance Sheet date	Number of instalments as on 31.03.14	Amount of each instalment
State Bank of India	75.84	12 months	3	25.00
	(180.38)	(18) months	(6)	(25.00)
	As at 31st March, 2014		As at 31st March, 2013	
Rupee loan - Current *		75.84		–
Rupee loan - Non current		–		6.14
Foreign currency loans - Current *		–		100.00
Foreign currency loans - Non current		–		74.24
BMW India Financial Services Pvt. Ltd.#	–	–	–	–
	(13.67)	(11 months)	(11)	(1.31)
Kotak Mahindra Prime Ltd. #	11.62	20 months	20	–
	(17.74)	(32 months)	(32)	(–)
HDFC Car Loan #	6.82	20 months	20	–
	(10.39)	(32 months)	(32)	(–)
Current- BMW India Financial Services Pvt. Ltd. *		–		13.67
Non current -BMW India Financial Services Pvt. Ltd.		–		–
Current -Kotak Mahindra Prime Ltd. *		6.74		6.12
Non current -Kotak Mahindra Prime Ltd.		4.87		11.62
Current -HDFC Car Loan *		3.95		3.57
Non current -HDFC Car Loan		2.87		6.82

* Represents current maturities of long term debts shown under "Other current liabilities" (Note No.9)

Instalment includes interest

Figure in brackets represents figures for the previous year.

Notes to Accounts

5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred tax liabilities :		
Depreciation	237.91	225.11
Less : Deferred tax asset		
Expenses allowable for tax purpose when paid	18.75	23.32
Deferred tax liabilities (Net)	**219.16**	**201.79**

6 LONG-TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits		
- Leave encashment	85.60	84.38
	85.60	**84.38**

7 SHORT-TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loan Repayable On Demand		
- From banks (Secured)	3,114.23	2,805.80
Other loans and advances		
- From banks (Secured)	150.00	125.00
	3,264.23	**2,930.80**

(₹ in Lacs)

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Loans Repayable on Demand from Bank				
Cash Credit from Banks (Secured)	–	–	1,413.79	1,193.52
Packing Credit from Bank (Secured)	–	–	1,700.44	1,612.27
Short Term Loan from Bank (Secured)	–	–	150.00	125.00
	–	–	3,264.23	2,930.80
Loans Repayable on Demand from Others				
Vehicle Loan (Secured)	7.74	18.44	10.70	23.36
Amount disclosed under the head "other current liabilities" (Note No. 9)	–	–	(10.70)	(23.36)
	7.74	18.44	–	–

a. Loans from Bank is secured by hypothecation of Plant & Machinery, Moulds & Current Assets of the Company and first charge by way of Equitable Mortgage of Immoveable Properties and other Fixed Assets of the Company and also guaranteed by Managing Director, Whole Time Director and associate concern of the Company. The loan from banks is repayable on demand and carries interest @ 10% to 13%.

b. Details of Long Term Borrowings guaranteed by two of its Directors and others:
Mr. Deepak Jalan & Mr. Aloke Jalan: ₹5225 Lacs (Previous Year ₹5225 Lacs); Linc Writing Aids Pvt. Ltd. ₹3775 Lacs (Previous Year ₹3775 Lacs).

Notes to Accounts

8 TRADE PAYABLES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Total outstanding dues of Micro and Small Enterprises (Refer note no. 27.2)	99.52	220.21
Total outstanding dues of other than Micro and Small Enterprises	2,350.11	2,516.15
	2,449.63	**2,736.36**

9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long-term debt#	86.54	123.36
Unpaid dividends *	10.09	11.09
Other payables		
Advance from customers	122.91	125.27
Statutory liabilities $	94.89	120.56
Trade deposits	271.03	219.15
Unpaid salaries and other payroll dues	116.67	701.59
Accrued Expenses	672.28	131.41
# Refer note no. 4 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		
$ Includes excise duty and cess on closing stock ₹19.46 Lacs (PY ₹17.33 Lacs)		
	1,374.41	**1,432.43**

10 SHORT-TERM PROVISIONS

(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits - unavailed leave	4.16	3.46
Provision for proposed dividend	295.72	207.90
Provision for tax on proposed dividend	50.26	33.73
Provision for wealth tax	2.52	1.54
	352.66	**246.63**

Notes to Accounts

11 FIXED ASSETS

Tangible Assets (₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET CARRYING AMOUNT	
	Cost as at 01.04.2013	Additions during the year	Sale / disposal during the year	Total as at 31.03.2014	Upto 01.04.2013	For the year	Disposal/ deduction during the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Freehold Land	131.80	–	–	131.80	–	–	–	–	131.80	131.80
Buildings	374.13	0.58	–	374.71	51.99	11.08	–	63.07	311.64	322.14
Plant & Equipment	1,449.29	426.82	25.96	1,850.15	630.51	144.58	22.66	752.43	1,097.72	818.78
Furniture & Fixtures	340.60	62.70	19.42	383.88	94.78	22.98	3.21	114.55	269.33	245.82
Vehicle	196.73	17.41	9.00	205.14	35.28	19.15	4.40	50.03	155.11	161.45
Other Equipment	3,510.71	418.04	145.72	3,783.03	2,284.15	299.37	120.98	2,462.54	1,320.49	1,226.56
Total	6,003.26	925.55	200.10	6,728.71	3,096.71	497.16	151.25	3,442.62	3,286.09	2,906.55
Previous Year	5,431.18	672.77	100.69	6,003.26	2,697.50	436.93	37.71	3,096.71	2,906.55	–

Intangible Assets (₹ in Lacs)

PARTICULARS	GROSS BLOCK				AMORTISATION				NET CARRYING AMOUNT	
	Cost as at 01.04.2013	Additions during the year	Sale / disposal during the year	Total as at 31.03.2014	Upto 01.04.2013	For the year	Disposal/ deduction during the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Computer Software	85.38	–	–	85.38	65.74	7.86	–	73.60	11.78	19.64
Total	85.38	–	–	85.38	65.74	7.86	–	73.60	11.78	19.64
Previous Year	81.76	3.62	–	85.38	55.79	9.95	–	65.74	19.64	–

Notes to Accounts

12 LONG-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(Unsecured, considered good)				
Capital advances		257.73		95.49
Security deposits		88.91		68.48
Other loans & advances				
- Advance wealth tax		2.38		1.63
- Advance income tax	1,195.69		1,067.89	
Less: Provision for taxation	1,084.68	111.01	1,000.18	67.71
- Prepaid expenses		0.84		1.05
		460.87		234.36

(₹ in Lacs)

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
LOANS AND ADVANCES				
Capital Advaces (Unsecured, Considered Good)	257.73	95.49	–	–
Security Deposits (Unsecured, Considered Good)	88.91	68.48	3.24	20.65
Total (A)	**346.64**	**163.97**	**3.24**	**20.65**
Advances recoverable in cash or kind				
Unsecured, Considered Good	–	–	311.35	205.78
Total (B)	–	–	**311.35**	**205.78**
Other Loans & Advances				
(Unsecured, Considered Good)				
Prepaid Expenses	0.84	1.05	13.25	12.99
Export Benefit Receivable	1.00	14.64	266.72	206.81
Total (C)	**1.84**	**15.69**	**279.97**	**219.80**
Total (A+B+C)	**348.48**	**179.66**	**594.57**	**446.23**

13 OTHER NON-CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Fixed deposits with statutory authorities		0.45		0.45
(Non current portion with original maturity period of more than 12 months)				
Export benefit receivable		1.00		14.64
Interest accrued but not due		0.18		0.25
		1.63		15.34

Notes to Accounts

14 INVENTORIES *

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(At lower of cost and net realisable value)				
Raw materials		4,068.85		3,987.95
Work-in-progress		102.27		59.29
Finished goods	1,103.25		1,127.68	
Goods in transit	–	1,103.25	0.32	1,128.00
Stock-in-trade		1,747.02		1,431.98
* Includes materials lying with other parties				
		7,021.39		6,607.22

15 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(Unsecured, considered good)				
Trade receivables outstanding for a period exceeding six months from due date		53.38		93.12
Others		4,080.70		4,336.20
		4,134.08		4,429.32

16 CASH AND BANK BALANCES

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Cash and cash equivalents				
Balance with banks				
In current accounts	3.26		3.49	
Cash in hand	9.19	12.45	15.18	18.67
Other bank balances				
Earmarked balances				
- Unpaid dividend accounts		10.09		11.09
		22.54		29.76

(₹ in Lacs)

Particulars	Non Current		Current	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Cash & cash equivalents				
Balance with banks				
- On current accounts	–	–	3.26	3.49
- On unpaid dividend accounts	–	–	10.09	11.09
Cash in hand	–	–	9.19	15.18
	–	–	22.54	29.76
Other Bank Balances				
- Deposits with original maturity for more than 12 months	0.45	0.45	–	–
	0.45	0.45	–	–
Amount disclosed under non-current assets (note no. 13)	(0.45)	(0.45)	–	–
	–	–	22.54	29.76

Notes to Accounts

17 SHORT-TERM LOANS AND ADVANCES

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
(Unsecured, considered good)				
Security deposits		3.24		20.65
Other loans and advances				
- Advances to suppliers and others		585.69		444.00
- Prepaid expenses		13.25		12.99
		602.18		477.64

18 OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Taxes and duties refundable		25.16		33.72
		25.16		33.72

19 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Sale of goods (Gross)				
Pens	24,089.37		22,573.92	
Refills	1,628.44		1,757.55	
Others	5,355.54		5,820.88	
	31,073.35		30,152.35	
Less: Excise duty	180.87		178.46	
Net sales of goods		30,892.48		29,973.89
Other operating revenues				
- Scrap sales	5.45		2.25	
- Export Incentive	511.49		525.30	
- Commission	0.86	517.80	24.26	551.81
Revenue from operations (Net)		31,410.28		30,525.70

20 OTHER INCOMES

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest income (Gross)				
- Fixed deposits with banks		0.13		2.74
- Others		0.28		0.13
Other non operating income				
Insurance claim		0.85		2.04
Net gain/ (loss) on sale of Fixed Assets		–		27.36
Miscellaneous Income		7.29		5.69
		8.55		37.96

Notes to Accounts

21 COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Plastic powder	4,276.84	3,656.62
Ink	935.52	831.27
Tips	1,402.65	1,311.36
Others	4,724.19	5,371.46
	11,339.20	11,170.71

22 PURCHASE OF STOCK IN TRADE

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Pens	7,703.82	7,242.50
Refills	341.17	221.25
Others	2,525.68	2,489.20
	10,570.67	9,952.95

23 (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Finished goods				
Opening stock	1,128.00		794.10	
Less: Closing stock	1,103.25	24.75	1,128.00	(333.90)
Work in progress				
Opening stock	59.28		90.98	
Less: Closing stock	102.27	(42.99)	59.28	31.70
Stock in trade				
Opening stock	1,431.98		2,215.83	
Less: Closing stock	1,747.02	(315.04)	1,431.98	783.85
Add/(Less): Excise duty and cess on stock*	(2.11)	(2.11)	4.70	4.70
		(331.17)		476.95

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

24 EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Salaries and wages	1,533.79	1,413.36
Contribution to provident and other funds	71.67	88.41
Staff welfare expenses	60.70	58.39
	1,666.16	1,560.16

Notes to Accounts

25 FINANCE COSTS

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Interest expense				
- On long term borrowings	–		1.66	
- On short term borrowings	171.51		217.24	
- On others	17.29	188.80	17.26	236.16
Other borrowing costs		48.41		12.15
		237.21		248.31

26 OTHER EXPENSES

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
Consumption of stores and spares		96.71		74.34
Power and fuel		313.98		238.10
Processing charges		1,823.78		1,749.10
Rent		281.88		228.46
Repairs				
Building		15.06		14.95
Machinery		13.37		12.31
Others		41.06		24.45
Insurance		82.07		46.56
Rates and taxes		47.87		16.64
Payment to auditor				
- For statutory audit	2.87		2.92	
- For tax audit	0.56		0.56	
- For other services (limited review, certification etc)	2.24	5.67	2.80	6.28
Director sitting fees		1.18		1.80
Travelling & conveyance		321.53		290.53
Postage,telegram & telephone		70.87		72.20
Freight & transportation		461.32		447.31
Advertisement expenses		314.79		481.03
Sales promotion expenses		256.00		274.02
Incentives on sales		271.31		266.48
Commission on Sales		43.77		39.46
Discount allowed		574.34		627.44
Rebate, claim & other expenses		375.01		389.58
Bad debts		6.47		12.55
Loss on sale of fixed assets		21.72		–
Net loss on foreign currency transactions and translations		89.07		314.08
Miscellaneous expenses		429.84		376.24
		5,958.68		6,003.91

Notes to Accounts

27 OTHER DISCLOSURES

27.1 Contingent liabilities and commitments (to the extent not provided for)

(₹ in Lacs)

Particulars	As on 31st March, 2014	As on 31st March, 2013
a) Contingent Liabilities:		
Claims against the Company not acknowledged as debts:		
Income Tax demands under appeal	524.57	524.57
Income Tax Paid against demands	194.23	150.00
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.		
The Company does not expect any reimbursements in respect of the above contingent liabilities.		
b) Commitments:		
i) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	187.87	256.84
ii) Advance paid against above	257.73	95.49

27.2 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	2013-14	2012-13
I)	The principal amount remaining overdue for payment to suppliers as at the end of accounting year *	99.52	220.21
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. 8.

Notes to Accounts

27.3 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.

27.4 Earnings Per Share:

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

Description	2013-14	2012-13
a) Amount used as the numerator Profit after tax (₹ in lacs)	1150.89	541.43
b) Basic / Diluted weighted average number of Equity Shares used as the denominator (Nos. in lacs)	138.60	138.60
c) Nominal value of Equity Shares (₹)	10	10
d) Basic / Diluted Earnings Per Share (a/b) (₹)	7.78	3.91

27.5 Related Party transactions:

Related party disclosure as per Accounting Standard 18 for the year ended 31st March 2014 are given below:

I) **Names and description of relationship of related parties as on 31st March 2014:**

Related Party	Relationship
Associates :	
Linc Retail Ltd.	Associate
Key Managerial Personnel (KMP) :	
Deepak Jalan	Managing Director
Aloke Jalan	Whole Time Director
Enterprises in which KMP and their relatives have substantial interest :	
Linc Writing Aids Pvt. Ltd.	Substantial interest of the relatives of M.D. and W.T.D.
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)
	Mrs. Sarita Jalan (Wife)
	Ms. Divya Jalan (Daughter)
	Mr. Rohit Deepak Jalan (Son)
	Mr Prakash Jalan (Brother)
	Mrs. Bindu Jalan (Brother's Wife)
Mr. Aloke Jalan	Aloke Jalan (HUF) Mr. Aloke Jalan is Karta of HUF
	Mr. S.M. Jalan (Father)
	Mrs. Bimla Devi Jalan (Mother)
	Mrs. Shobha Jalan (Wife)
	Mr Aakash Aloke Jalan (Son)
	Mr Prakash Jalan (Brother)
	Mrs. Bindu Jalan (Brother's Wife)

Notes to Accounts

27.5 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.	–	–	2006.01	–	2006.01
	(–)	(–)	(2102.30)	(–)	(2102.30)
Linc Retail Ltd.	0.82	–	–	–	0.82
	(2.97)	(–)	(–)	(–)	(2.97)
Sale of Goods					
Linc Retail Ltd.	178.05	–	–	–	178.05
	(125.89)	(–)	(–)	(–)	(125.89)
Linc Writing Aids Pvt. Ltd.	–	–	987.18	–	987.18
	(–)	(–)	(2589.40)	(–)	(2589.40)
Receiving of Services (Remuneration)					
Mr. Deepak Jalan	–	40.47	–	–	40.47
	(–)	(53.79)	(–)	(–)	(53.79)
Mr. Aloke Jalan	–	40.47	–	–	40.47
	(–)	(47.19)	(–)	(–)	(47.19)
Receiving of Services (Others)					
Linc Writing Aids Pvt. Ltd.	–	–	12.72	–	12.72
	(–)	(–)	(12.72)	(–)	(12.72)
Mr. Prakash Jalan	–	–	–	–	–
	(–)	(–)	(–)	(0.66)	(0.66)
Ms. Divya Jalan	–	–	–	4.13	4.13
	(–)	(–)	(–)	(4.11)	(4.11)
M/s. Deepak Jalan (HUF)	–	–	–	4.14	4.14
	(–)	(–)	(–)	(4.14)	(4.14)
Mrs. Shobha Jalan	–	–	–	12.45	12.45
	(–)	(–)	(–)	(12.45)	(12.45)
M/s. Aloke Jalan (HUF)	–	–	–	15.01	15.01
	(–)	(–)	(–)	(13.64)	(13.64)
Dividend Paid to Shareholders					
Mr. Deepak Jalan	–	11.75	–	–	11.75
	(–)	(7.79)	(–)	(–)	(7.79)
Mr. Aloke Jalan	–	11.81	–	–	11.81
	(–)	(7.87)	(–)	(–)	(7.87)
Linc Writing Aids Pvt Ltd.	–	–	23.85	–	23.85
	(–)	(–)	(15.90)	(–)	(15.90)
Mrs. Sarita Jalan	–	–	–	30.36	30.36
	(–)	(–)	(–)	(20.24)	(20.24)
Mr. S.M. Jalan	–	–	–	16.32	16.32
	(–)	(–)	(–)	(10.88)	(10.88)
Mrs. Shobha Jalan	–	–	–	30.01	30.01
	(–)	(–)	(–)	(20.01)	(20.01)

Notes to Accounts

27.5 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
Dividend Paid to Shareholders					
Mrs. Bimla Devi Jalan	–	–	–	2.36	2.36
	(–)	(–)	(–)	(1.58)	(1.58)
Mr. Prakash Jalan	–	–	–	0.03	0.03
	(–)	(–)	(–)	(0.12)	(0.12)
Ms Divya Jalan	–	–	–	0.05	0.05
	(–)	(–)	(–)	(0.03)	(0.03)
Mr. Rohit Jalan	–	–	–	0.90	0.90
	(–)	(–)	(–)	(0.59)	(0.59)
Mr. Aakash Jalan	–	–	–	0.33	0.33
	(–)	(–)	(–)	(0.22)	(0.22)
Mrs. Bindu Jalan	–	–	–	–	–
	(–)	(–)	(–)	(0.01)	(0.01)
Guarantees (Given for the Loans obtained by the Company)					
Mr. Deepak Jalan	–	5,225.00	–	–	5,225.00
	(–)	(5,225.00)	(–)	(–)	(5,225.00)
Mr. Aloke Jalan	–	5,225.00	–	–	5,225.00
	(–)	(5,225.00)	(–)	(–)	(5,225.00)
Linc Writing Aids Pvt. Ltd.	–	–	3,775.00	–	3,775.00
	(–)	(–)	(3,775.00)	(–)	(3,775.00)
Balance Outstanding					
a) Accounts Receivable					
Linc Retail Ltd.	292.07	–	–	–	292.07
	(289.30)	(–)	(–)	(–)	(289.30)
Linc Writing Aids Pvt. Ltd.	–	–	46.92	–	46.92
	(–)	(–)	(869.74)	(–)	(869.74)
b) Amount outstanding against Guarantees given for Loans obtained by the Company					
Mr. Deepak Jalan	–	3,340.12	–	–	3,340.12
	(–)	(3,111.30)	(–)	(–)	(3,111.30)
Mr. Aloke Jalan	–	3,340.12	–	–	3,340.12
	(–)	(3,111.30)	(–)	(–)	(3,111.30)
Linc Writing Aids Pvt. Ltd.	–	–	2,326.38	–	2,326.38
	(–)	(–)	(3,111.30)	(–)	(3,111.30)

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 pertains to previous year.

Notes to Accounts

27.6 Employee Benefits :

As per Accounting Standard - 15, the disclosure 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 recognized as an expense when employees have rendered service entitling them to the contributions. The contribution to defined contribution plan, recognized as expense for the year is as under:

(₹ in Lacs)

Defined Contribution Plan	2013-14	2012-13
Employers' Contribution to Provident Fund	72.03	71.00
Employers' Contribution to Employee State Insurance Scheme	26.32	25.94
Total	98.35	96.94

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 recognized in the Balance Sheet represents the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The amount recognized in the profit and loss account for the year ended 31st March, 2014 in respect of Employees Benefit Schemes based on actuarial reports as on 31st March, 2014 is as follows:

(₹ in Lacs)

Sl. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
I.	Components of Employer Expense:				
1.	Current Service Cost	13.74	18.63	11.39	15.33
2.	Past Service Cost	–	–	–	–
3.	Interest Cost	6.92	6.61	5.66	5.11
4.	Expected Return on Plan Asset	(9.96)	–	(8.24)	–
5.	Actuarial gain/loss recognised in the year	(9.72)	(8.94)	9.49	20.80
6.	Expense Recognised in Statement of Profit & Loss	0.98	16.30	18.30	41.24
II.	Change in Present Value of Defined Benefit Obligation:				
1.	Present Value of Defined Benefit Obligation at the Beginning of the year	87.43	87.84	67.01	69.43
2.	Interest Cost	6.92	6.61	5.66	5.11
3.	Current Service Cost	13.74	18.63	11.39	15.33
4.	Plan Amendments Cost/(Credit)	–	–	–	–
5.	Actuarial Gain/(Losses)	(12.11)	(8.94)	8.79	20.80
6.	Benefit Payments	(6.07)	(14.38)	(5.42)	(22.83)
7.	Present Value of Obligation at the End of the year	89.91	89.76	87.43	87.84

Notes to Accounts

27.6 Employee Benefits *(contd...)* (₹ in Lacs)

Sl. No.	Particulars	2013-14		2012-13	
		Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
III.	Change in Fair Value of Plan Assets during the year ended 31st March, 2014:				
1.	Plan Assets at the Beginning of the year	103.40	–	84.15	–
2.	Expected Return on Plan Assets	9.96	–	8.24	–
3.	Actual Company Contribution	16.97	–	17.13	–
4.	Actuarial Gain/(Losses)	(2.39)	–	(0.70)	–
5.	Benefit Payments	(6.07)	–	(5.42)	–
6.	Plan Assets at the end of the year	121.87	–	103.40	–
IV.	Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2014:				
1.	Present value of Defined Benefit Obligation	89.91	89.76	87.43	87.84
2.	Fair Value on Plan Assets	121.87	–	103.40	–
3.	Funded Status (Surplus/(deficit))	31.96	(89.76)	15.97	(87.84)
4.	Net Asset/(Liability) recognized in Balance Sheet	31.96	(89.76)	15.97	(87.84)
V.	Actuarial Assumptions				
1	Discount Rate (per annum)	9.25 %	9.25%	8.20 %	8.20%
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	Indian Assured Lives Mortality (2006 - 08)		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 optimize returns within acceptable risk parameters, the plan assets are well diversified.

VII. Basis of estimates of rate of escalation in salary

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

(₹ in Lacs)

Sl. No.	As at 31st March	Leave Encashment (Unfunded)			Gratuity (Funded)		
		2012	2011	2010	2012	2011	2010
VIII.	Disclosure related to previous years :						
1.	Present value of Defined Benefit Obligation	(69.43)	(60.64)	(42.42)	(67.01)	(52.46)	(37.44)
2.	Fair Value on Plan Assets	–	–	–	84.15	67.41	53.41
3.	Funded Status [Surplus/(deficit)]	(69.43)	(60.64)	(42.42)	17.14	14.95	15.97

Notes to Accounts

27.6 Employee Benefits *(contd...)*

(₹ in Lacs)

	As at 31st March	2014	2013	2012	2011	2010
IX	The history of experience adjustments for the funded post retirement plan of Gratuity are as follows:					
1.	Defined Benefit Obligation at the end of the period	(89.91)	(87.43)	(67.01)	(52.46)	(37.44)
2.	Plan Assets at end of the period	121.87	103.40	84.15	67.41	53.41
3.	Funded Status	31.96	15.97	17.14	14.95	15.97
4.	Experience Gain/(Loss) adjustment on plan liabilities	(2.90)	(1.17)	(8.44)	(9.34)	0.30
5.	Experience Gain/(Loss) adjustment on plan assets	(2.39)	(0.70)	(0.62)	(2.39)	(1.09)
6.	Actuarial Gain/(Loss) due to change on assumptions	15.01	(7.62)	4.36	(0.81)	(2.11)
X	The history of experience adjustments for the unfunded plan of Leave Benefit Scheme are as follows:					
1.	Defined Benefit Obligation at the end of the period	(89.76)	(87.84)	(69.43)	(60.64)	(42.42)
2.	Plan Assets at end of the period	–	–	–	–	–
3.	Funded Status	(89.76)	(87.84)	(69.43)	(60.64)	(42.42)
4.	Experience Gain/(Loss) adjustment on plan liabilities	(5.37)	(13.28)	(20.57)	(12.53)	(6.14)
5.	Experience Gain/(Loss) adjustment on plan assets	–	–	–	–	–
6.	Actuarial Gain/(Loss) due to change on assumptions	14.31	(7.52)	4.51	(0.96)	(2.79)

XI Other Disclosures :

The Gratuity and Provident Fund Expenses have been recognized under "Contribution to provident and other funds" and Leave Encashment under "Salaries & wages" under Note no. 24.

27.7 Intangible Assets:

The unamortised amount of Computer Software (Acquired) ₹11.78 lacs is to be amortised equally in the coming years as given hereunder:

(₹ in Lacs)

Particulars	Amount	Years
Computer Software	2.83	Three
Computer Software	3.55	Two
Computer Software	5.40	One

27.8 a. 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.

b. 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.

27.9 Dividend Remittance in Foreign Currency

Particulars	2013-14	2012-13
a) Number of Non-Resident to whom remittance was made	1	–
b) Number of shares on which remittance was made	20,00,000	–
c) Net amount remitted - Dividend for 2012-13 (₹ in Lacs)	16.11	–

27.10 Consumption of materials

(₹ in Lacs)

Particulars	Amount	Percentage
Imported	1,573.23	13.87%
	(853.91)	(7.64%)
Indigeneous	9,765.97	86.13%
	(10,316.80)	(92.36%)
Total	**11,339.20**	**100.00%**
Total (Previous Year)	**(11,170.71)**	**(100.00%)**

Notes to Accounts

27.11 Consumption of spare parts *

(₹ in Lacs)

Particulars	Amount (₹)	Percentage
Imported	9.33	9.65%
	(1.18)	(1.59%)
Indigeneous	87.38	90.35%
	(73.16)	(98.41%)
Total	**96.71**	**100.00%**
Total (Previous Year)	**(74.34)**	**(100.00%)**

* Spare parts includes store items also.

27.12 Value of imports on C.I.F. basis

(₹ in Lacs)

Particulars	2013-14	2012-13
Raw Materials, Components	1,502.48	1,142.71
Trading Goods	2,642.83	1,925.34
Capital Goods	510.33	249.39
Spares	9.33	0.94

27.13 Expenditure in Foreign Currency

(₹ in Lacs)

Particulars	2013-14	2012-13
I) Bank Interest & Commission	13.57	12.21
II) Travelling	30.01	28.92
III) Exhibition Expenses	0.75	32.96
IV) Commission on Exports	11.07	5.26
V) Product Designing, Testing Charges & Others	12.03	13.07

27.14 Earnings in Foreign Currency

(₹ in Lacs)

Particulars	2013-14	2012-13
Exports on FOB Basis	8,990.36	7,595.30

27.15 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)
Partner
Membership No.17643

7A, Kiran Shankar Ray Road, Kolkata - 700 001
The 30th day of May, 2014

For and on behalf of the Board

Deepak Jalan	Aloke Jalan	N. K. Dujari
Managing Director	*Whole Time Director*	*Chief Finance Officer & Company Secretary*

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax		1,473.06		703.79
Adjustments for				
Depreciation	505.02		446.88	
(Profit) / Loss on sale/ Discard of Fixed Assets	21.72		(27.36)	
Interest Income	(0.41)		(2.88)	
Unrealised loss/(gain) on foreign exchange fluctuation (Net)	61.95		6.20	
Finance cost	237.21	825.49	248.31	671.15
Operating profit before working capital changes		2,298.55		1,374.94
(Increase) / Decrease in Trade receivables	221.03		(1,106.97)	
(Increase) / Decrease in Inventories	(414.17)		(305.52)	
(Increase) / Decrease in Long Term Loans & Advances	(182.46)		(46.33)	
(Increase) / Decrease in Other Non Current Assets	13.64		(7.81)	
(Increase) / Decrease in Short Term Loans & Advances	(124.54)		(59.18)	
(Increase) / Decrease in Other Current Assets	8.56		1.11	
Increase / (Decrease) in Long Term Provisions	1.22		17.70	
Increase / (Decrease) in Trade Payables	(274.48)		92.69	
Increase / (Decrease) in Other Current Liabilities	(60.72)		193.64	
Increase / (Decrease) in Short Term Provisions	0.70	(811.22)	0.71	(1,219.96)
Cash generated from operations		1,487.33		154.97
Less: Direct taxes paid		347.88		75.27
Net Cash Generated / Used ~ Operating Activities		**1,139.45**		**79.70**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Addition to Fixed Assets (Including Intangibles)	(940.50)		(647.24)	
Sale of fixed assets	27.13		87.89	
Fixed Deposit with Banks	–		10.31	
Interest Received	0.48		3.90	
		(912.89)		(545.14)
Net Cash Generated / Used ~ Investing Activities		**(912.89)**		**(545.14)**

Cash Flow Statement for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Issue of Share Capital and Share Premium thereon	–		2,000.00	
Proceeds /(Repayment) of Long term borrowings	(91.08)		(80.25)	
Proceeds /(Repayment) of Short term borrowings (Net)	333.43		(1,056.71)	
Interest Paid	(185.09)		(229.15)	
Other borrowing cost	(48.41)		(12.15)	
Dividend Paid	(207.90)		(127.86)	
Dividend Tax Paid	(33.73)	(232.78)	(20.74)	473.14
Net Cash Generated / Used ~ Financing Activities		**(232.78)**		**473.14**
Net increase in cash and cash equivalents (A+B+C)		(6.22)		7.70
Cash and cash equivalents -Opening balance		18.67		10.97
		12.45		**18.67**
Cash and cash equivalents - Closing balance (Refer note no. 16)		**12.45**		**18.67**

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 :

(₹ in Lacs)

Particulars	As on 31st March, 2014	As on 31st March, 2013
a) Cash in hand	9.19	15.18
b) Balances with Scheduled Banks in Current Accounts	3.26	3.49
	12.45	**18.67**

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

As per our report of even date attached.

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

(CA. Ajay Agrawal)
Partner
Membership No.17643

For and on behalf of the Board

Deepak Jalan — *Managing Director*

Aloke Jalan — *Whole Time Director*

N. K. Dujari — *Chief Finance Officer & Company Secretary*

7A, Kiran Shankar Ray Road, Kolkata - 700 001
The 30th day of May, 2014

5 Year Financial Highlights

(₹ in Lacs)

Year	2013-14	2012-13	2011-12	2010-11	2009-10
Source of Funds					
Share Capital	1478.60	1478.60	1278.60	1278.60	1278.60
Reserves & Surplus	6383.97	5579.06	3479.26	3458.25	2886.64
Networth	**7862.57**	**7057.66**	**4757.86**	**4736.85**	**4165.24**
Borrowings	3629.55	3372.13	4505.75	4354.98	2284.02
Funds Employed	**11492.12**	**10429.79**	**9263.61**	**9091.83**	**6449.26**
Operating Results					
Domestic Sales	21784.09	22272.20	20377.28	19264.24	16987.70
Exports	9108.39	7701.69	6723.44	5550.21	5218.16
Total Sales	**30892.48**	**29973.89**	**27100.72**	**24814.45**	**22205.86**
EBIDTA	**2215.29**	**1398.98**	**1027.47**	**1651.51**	**1631.99**
Finance Cost	237.21	248.31	378.04	208.06	169.75
Depreciation	505.02	446.88	430.21	361.95	307.37
Profit before tax	1473.06	703.79	219.22	1081.50	1154.87
Profit after tax (PAT)	**1150.89**	**541.43**	**169.62**	**839.97**	**839.51**
EBIDTA Margin (%)	7.2	4.7	3.8	6.7	7.3
PAT / Total Sales (%)	3.7	1.8	0.6	3.4	3.8
EPS	**7.78**	**3.91**	**1.33**	**6.57**	**6.57**
Cash EPS	11.20	6.68	4.69	9.40	8.97
Dividend (%)	**20**	**15**	**10**	**18**	**18**
Networth Per Share (₹)	53.18	47.73	37.21	37.05	32.58

Performance in US$

(in million)

Year	2013-14	2012-13	2011-12	2010-11
Source of Funds				
Share Capital	2.47	2.89	2.50	2.86
Reserves & Surplus	10.65	10.91	6.81	7.74
Networth	**13.81**	**13.81**	**9.31**	**10.60**
Borrowings	6.06	6.60	8.81	9.75
Funds Employed	**19.87**	**20.40**	**18.12**	**20.35**
Operating Results				
Domestic Sales	36.36	43.57	39.86	43.18
Exports	15.20	15.07	13.15	12.42
Total Sales	**51.56**	**58.63**	**53.01**	**55.60**
EBIDTA	**3.70**	**2.74**	**2.01**	**3.66**
Interest	0.40	0.49	0.74	0.43
Depreciation	0.84	0.87	0.84	0.81
Profit before tax	2.46	1.38	0.43	2.42
Profit after tax	**1.92**	**1.06**	**0.33**	**1.88**
Conversion Rate (INR per US$)	59.92	54.47	51.12	44.69

Corporate Information

BOARD OF DIRECTORS

Dr. Ranjan Das	
Shri Anil Kochar	*(Appointed on 30th May, 2014)*
Shri Naresh Pachisia	
Shri Kedar Nath Ranasaria	
Shri Aloke Jalan	*Whole Time Director*
Shri Deepak Jalan	*Managing Director*

CFO & COMPANY SECRETARY
N. K. Dujari

REGISTERED OFFICE
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Fax: (033) 2479 0253,
CIN : L36991WB1994PLC065583
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Noida - 201 301, U.P.

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Patna, Bihar - 800020.

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.


Mr. Rohit Deepak Jalan, receiving the award from the Honorable Finance Minister of West Bengal - Dr. Amit Mitra

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