Pentonic.

Writing a new chapter in India's writing instrument industry.

LINC

Linc Pen & Plastics Limited
Annual Report 2018-19

Forward-looking statement

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. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

Pentonic
Game-changer

PENTONIC.
GAME-CHANGER

Pentonic is more than just a brand at Linc.

It is a game-changer.

Pentonic has been more than just a Linc success story.

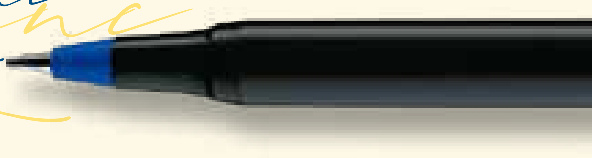
It is a sectoral benchmark.

Inspiring the perspective that years from now, the success of India's writing instruments sector could be segregated into two phases.

Before Pentonic and
After Pentonic.

THE WORLD OF LINC

The world of Linc



ETHICS

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

- Ethical business practices
- Customer delight
- Building relationships
- Innovation

PRODUCTS

Linc enjoys a wide product portfolio comprising gel pens, ball pens, fountain pens, markers, mechanical pencils, notebooks, files and folders.

CERTIFICATIONS

Linc has been accredited with the ISO 9001:2008 certification, validating the Company's compliance with stringent quality management norms.

PRESENCE

Linc enjoys a pan-India presence, which extends across 29 States on the back of a robust distribution network comprising 2,555 dealers leading to 50,000 retailers. Globally the Company is present in more than 50 countries.

FACILITIES

Linc's state-of-the-art integrated manufacturing facilities are located in Falta (SEZ), Serakole and Umbergaon.

PARTNERSHIPS

Linc is the exclusive distributor of Mitsubishi's Uni-ball brand in India. The Company enjoys a business-strengthening alliance with 'Deli', one of the largest stationery manufacturers of China. The Company also enjoys strategic alliances with global agencies, helping develop unique product designs.

BACKGROUND

Linc Pen & Plastics Limited is one of India's most trusted writing instrument brands. Over the years, the Company has grown exponentially from an Indian presence to a global footprint. The Company is among the five leading brands in India's writing instruments industry.

LISTING

The Company is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE).

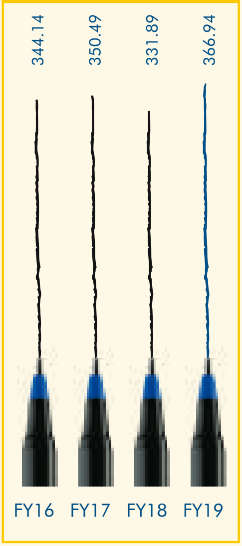
797
Team size, March 31, 2019

59.5
Promoters' holding, March 31, 2019 (%)

288
Market capitalisation, March 31, 2019 (₹ crore)

HOW WE HAVE GROWN OVER THE YEARS

Revenues (₹ crore)



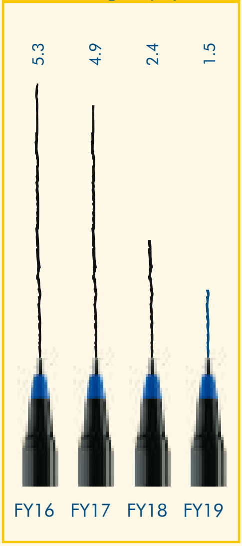
Definition
Growth in sales net of taxes

Why this is measured
It highlights the service acceptance and reach of the Company in the market

Performance
Aggregate sales increased 10.5% to reach ₹366.94 crore in FY2018-19

Value impact
Creates a robust engine on which to build profits

Profit after tax margin (%)



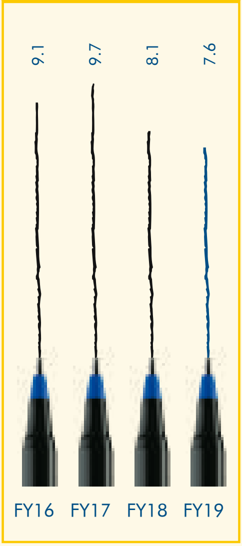
Definition
This is derived through a ratio of net income to net sales

Why this is measured
It highlights the strength in the business model in generating value for shareholders

Performance
On the backdrop of a tough year for the writing instrument industry, the Company recorded a profit after tax margin of 1.5% in FY2018-19

Value impact
Identifies the profit per sales and helps determine profitability

EBITDA margin (%)



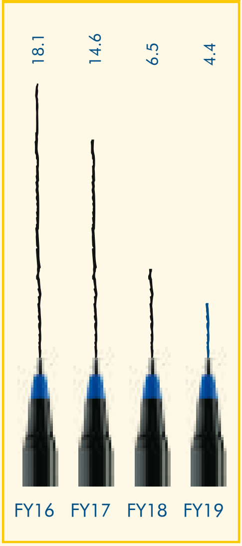
Definition
EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency

Why this is measured
The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale

Performance:
The Company reported an EBITDA margin of 7.6% in FY2018-19

Value impact
Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses

Return on Equity (%)



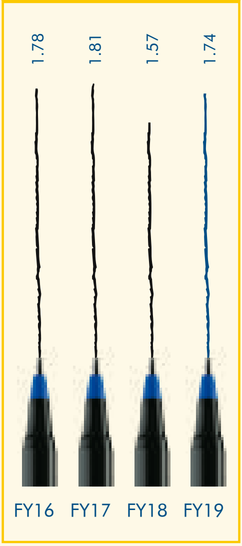
Definition
This is derived through the division of net profit by shareholder's equity expressed as a percentage

Why this is measured
A measure of how productively a company uses the net worth available to it

Performance
The Company reported a ROE of 4.4% in FY2018-19

Value impact
The higher the return on equity the better the use of shareholders' funds

Current Ratio (x)



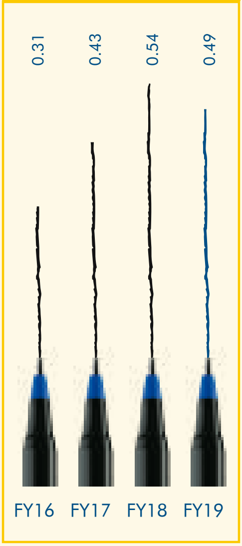
Definition
This is derived through a ratio of current assets to current liabilities

Why this is measured
A measure of the Company's ability to pay short-term obligations and understand the requirement for funding current assets

Performance
The Company reported a current ratio of 1.74 in FY2018-19 compared to 1.57 in the previous fiscal

Value impact
Optimal Current Ratio signifies a company's ability to balance sourcing and utilisation of funds

Debt-equity ratio (x)



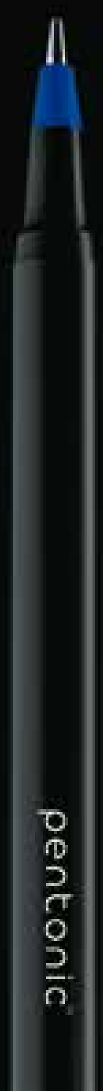
Definition
This is derived through the ratio of debt to net worth (less revaluation reserves)

Why this is measured
A measure of a company's financial solvency

Performance
The Company was able to sustain gearing at a robust 0.49 times in FY2018-19

Value impact
Enhanced shareholder value by keeping the equity side constant; enhanced flexibility in progressively moderating debt cost

BREAKING THE BARRIER



When Pentonic was being conceived on a designer CAD workstation half way across the world, the principal argument was not about what the new pen would contain.

It was about what it would not.

No steel. No metal clip. No transfer film.

When the experts heard of this, they went ballistic.

Their verdict in three words: ‘Bound to fail’.

Because if there was no steel, then the pen would not be perceived as being worth ₹10 at all.

There was a possibility that there was something bigger that Pentonic would need fight more than the price barrier.

The *psychological*.

THE PENTONIC STICKER PRICE

When strategic teams sit down to price a pen, they have a failsafe formula.

Add all the costs. Then add another 20%. That's the price.

Except that when Pentonic was being priced, the inner voice beeped.

It whispered: 'Mistake. Price for idea. Not for plastic.'

And then – just to tip the courage – there was another whisper.

'Benchmark with character. Not with competition.'

The result is that Pentonic started really with no price in mind.

Nobody had the heart to price it at ₹5. And nobody had the courage to sell it at ₹20.

So what's most convenient? ₹10.

So that's the sticker that went on Pentonic.

Indispensable dispenser

INDISPENSABLE DISPENSER

"What? No packaging?!"

That's one of the first times we felt we might have made a mistake.

The expert said an excellent pen without a neat box would be like a mannequin in a window shop without clothes.

The guru said, 'No packaging means no protection. No packaging means no attraction.'

At Linc, we trusted our gut. We said 'Why wear a shirt if you are Schwarzenegger?' And 'Why increase cost for something that will be discarded?' And lastly, 'Why create more paper and plastic packaging waste?'

The result is we created a dispenser for part-defensive reasons. So that the retailer would find it easier to place pens in. So that the retailer would save shelf space. So that anyone who saw the dispenser would say, 'Two pens please.'

We were wrong (partly).

Whoever saw the piece said, 'What a dispenser!' instead.

Headturner

HEADTURNER

We showcased Pentonic with apprehension.

Sample one: 'Pen? But it looks like an extended bullet.'

Sample two: 'Where does it open from?'

Sample three: 'Black? Really? A black pen?'

Each one of those we tested the pen with said something thereafter: '*Phir se dikhaana*.'

Thereafter the words squeezed out.

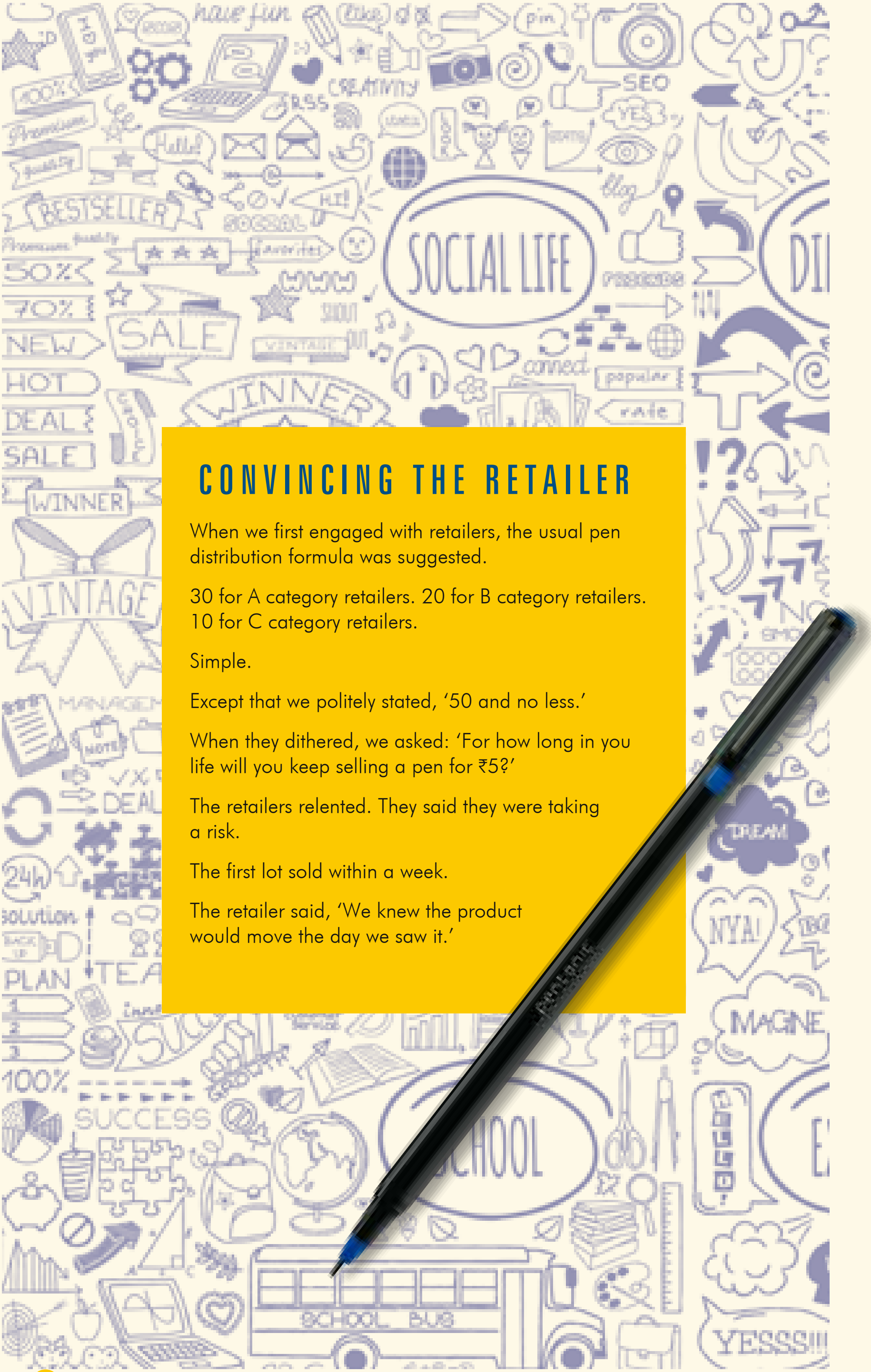
'*Bolay toh bold hai*.'

'Sleek.'

'*Japani monay hochhey*.'

Which explains what Pentonic has done.

Inspired a second look.



CONVINCING THE RETAILER

When we first engaged with retailers, the usual pen distribution formula was suggested.

30 for A category retailers. 20 for B category retailers. 10 for C category retailers.

Simple.

Except that we politely stated, ‘50 and no less.’

When they dithered, we asked: ‘For how long in you life will you keep selling a pen for ₹5?’

The retailers relented. They said they were taking a risk.

The first lot sold within a week.

The retailer said, ‘We knew the product would move the day we saw it.’

THE PENTONIC SILK.

The initial Pentonic magic lies in the curl of the finger around it.

However, the truth is that the smoothness, sleekness and blackness are but a seduction.

To get you to touch nib to paper.

The feel the flow of a 1mm diameter ball in a 7mm equivalent.

Where pen glides on paper.

Touching into a consumer’s need to feel good.

Come to think of it, how many ₹10 products can take you to another level?

Without adding calories.

THE PENTONIC LOVE AFFAIR

Pentonic is the pen our competitors love.

The more it sells, the happier they become.

Because after years, a product has succeeded the way this has.

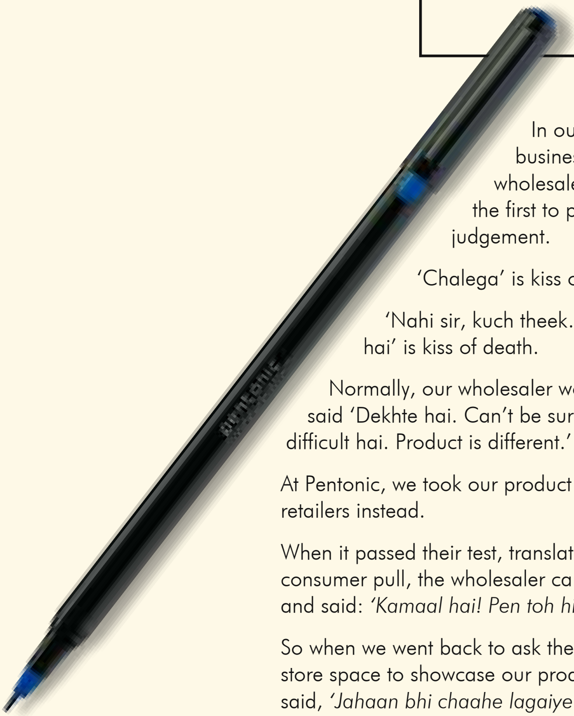
Validating for them the idea that a big dream can work.

Endorsing for them the idea that the creative can beat the commodity.

‘Won’t work’ is being increasingly replaced with ‘Possible.’

Putting the *hausla* back in the sector.

PENTONIC THE CONVERTOR



In our pen business, the wholesaler is the first to pass judgement.

'Chalega' is kiss of life.

'Nahi sir, kuch theek…nahi…. hai' is kiss of death.

Normally, our wholesaler would have said 'Dekhte hai. Can't be sure. Market difficult hai. Product is different.'

At Pentonic, we took our product straight to retailers instead.

When it passed their test, translating into consumer pull, the wholesaler came back and said: *'Kamaal hai! Pen toh hit ho gaya!'*

So when we went back to ask them for store space to showcase our product, they said, *'Jahaan bhi chaahe lagaiye! Aapki hi dukaan hai!'*

Taking Pentonic ahead

TAKING PENTONIC AHEAD

It would have been simplistic to put up more machines to deliver a larger output of Pentonics.

At Linc, we are broadbasing the brand.

By introducing a Pentonic gel pen extension.

By launching a value-added Pentonic pen.

Growing the Pentonic family.

THE pentonic MESSAGE

If you think that the Pentonic story is about a pen, you missed it completely.

It is about a spirit.

A spirit that says 'However difficult, I will continue to dream.'

A passion that whispers, 'The three most important words in the English language are 'Never give up.'

A *jasba* that says, 'The five most words in the Hindi language are *'Darr ke aage jeet hai.'*

10 MINUTES WITH THE MANAGING DIRECTOR DEEPAK JALAN

Q Was the management pleased with the working of the Company during the year under review?

A: The management was reasonably pleased with the revenue performance because they increased 10.5% but was disappointed that the bottomline declined, which was largely due to a sharp increase in polymer costs that mirrored an increase in crude oil costs during the year. The profit was also impacted following a write-off of extraordinary tax expense and inventory correction in the last quarter.

Q What were some of the things that went as per the management's plan?

A: The sustained success of our Pentonic brand was by far the biggest highlight of our performance during the year under review. This brand had been launched in the last quarter of FY2017-18; the year under review was the first full year of the brand's performance. The brand was launched phase-wise across the country and it is only by the third quarter that the brand was available pan-India. I am pleased to communicate that the brand was widely accepted, generating a positive consumer pull that drew repeat orders. By the last quarter, the brand accounted for 10% of our revenues, which is commendable for a brand in only its first year of existence.

Q What were some of the other initiatives that went well?

A: Over the last number of years, we focused consistently on churning our product mix away from commodity-based products to value-added variants. The challenges were considerable: there was a growing perception that most Indians were price-sensitive and would buy the cheapest writing instrument on offer. What we have seen instead is that the Indian consumer is increasingly selective, seeks the best value-proposition and is showing a growing element of pride in the writing instrument being used. This was reflected in our numbers as well: a significant growth in the proportion of revenues being derived from value-added writing instruments increased by volume and value, partly influenced by a substantial contribution coming from Pentonic.

Q What was been the contribution of Pentonic to the Company?

A: Pentonic has helped transform the face of India's writing instruments sector. There was a growing despondence that only the cheapest products would sell well in India; Pentonic has proved that even higher-priced products can sell. There was a feeling that a pen largely comprised the usual complements (metal clip, rubber grip, laminate layer etc.); Pentonic has proved that a pen even with minimalistic features can be priced better. The result is that

Pentonic has not just contributed attractively to our numbers; it has revitalised the entire sector with better hope and confidence.

Q How did the Company perform in the international markets?

A: The Company reported a 10% growth in exports to around ₹88 crore in FY2018-19. The Company continued to focus on its existing markets. By working closer with customers and mining markets deeper through a larger number of trade intermediaries, the Company reported a growth in exports. We expect to sustain this improvement with a larger proportion of exports derived from Pentonic from the current year onwards.

Q What is on the Company's agenda during the current financial year?

A: The Company will sustain the churn in its product mix: replace 20 slow moving products with a greater investment in backing winners. We believe that this will strengthen our working capital efficiency.

Besides, we intend to increase the number of launches under the Pentonic umbrella during the current year; we intend to increase the global coverage of Pentonic by growing our revenues in at least ten countries where we made trial shipments and generated repeat orders.

Q Is the Company enhancing its capacity to address growing demand?

A: The Company has an installed manufacturing capacity of around 1.25 crore pens a month in Umbergaon, which we expect to raise by 50% during the current financial year. We expect to report benefits arising from the expansion from the second half of the financial year. The ₹14 crore expansion was funded through accruals and debt. This is expected to moderate our dependence on outsourcing from 55% to 45% as we manufacture within our Company at higher efficiencies on the one hand and generate superior procurement efficiencies on the other.

Q Is there an optimism with which you are addressing the future?

A: There is clearly an optimism, which I derive from two things: one, India has been selling pens at around the lowest costs in the world to address the price-sensitivity of the market. This sensitivity is beginning to correct; there is a greater propensity to buy pens of a better quality. We also believe that there will be a greater decoupling of writing instrument profitability from oil price shocks as we focus deeper on marketing value-added writing instruments.

18

Percentage of revenues derived from value-added writing instruments (by **volume**), *Q4 FY2017-18*

32

Percentage of revenues derived from value-added writing instruments (by **volume**), *Q4 FY2018-19*

32

Percentage of revenues derived from value-added writing instruments (by **value**), *Q4 FY2017-18*

46

Percentage of revenues derived from value-added writing instruments (by **value**), *Q4 FY2018-19*

Business model

INTEGRATED BUSINESS MODEL

SECTORAL CONTEXT

Population growth
India has emerged as the second-most populous country, adding ~15 million people to its population annually – a growing market for the Company's products.

Increasing literacy
India's literacy rate has improved from 52% in FY1990-91 to around 79% in FY2018-19. This substantial increase in literacy rate is expected to strengthen the demand for writing instrument across the country.

Aspirations
There is a growing traction for the use of pride-enhancing products, widening the market for value-added writing instruments.

Growing incomes
Rising per-capita income in real terms (at FY2011-12 prices) during FY2018-19 is likely to attain a level of ₹91,921 compared to ₹86,668 in the previous fiscal, translating into higher consumption of writing instrument across the country.

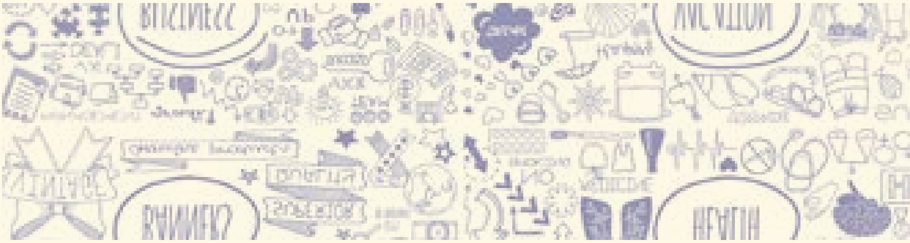
Increasing urbanisation
India accounts for the second largest urban community after China. By FY2019-20, 35% of India's population could be living in urban centres and by 2050, half of India's total population could be living in urban areas, widening the market for writing instruments.

Accelerating fashion cycles
The world is being marked by declining fashion cycle tenures, making it imperative to accelerate the launch of aesthetic products.

OUR STRATEGY

Strategic focus	Innovate and excel	Cost leadership
Key enablers	Linc leverages its cutting-edge technology coupled with strategic tie-ups with international designers to produce unique and superior quality writing instrument, coupled with strategic alliances with global stationery industry leaders	Linc embarked on several cost reduction initiatives – sourcing materials from new suppliers, debottlenecking initiatives at its Serakole plant, reduction in the proportion of outsourcing and automation of specific processes. This translated into substantial cost reduction.
Material issues / addressed	Technology, designing, product differentiation	Outsourcing, competition and technology
Capitals impacted	Manufactured, Intellectual and Financial	Financial, Intellectual, Natural, Social and Relationship

	Supplier of choice	Robust people practices	Responsible corporate citizenship	Focus on value creation
	Linc enjoys a rich legacy of more than four decades, marked by superior and differentiated offerings.	Linc is a people-centric company, marked by long-standing relationships with employees, retailers and distributors.	Linc is a responsible corporate citizen, engaging in corporate social activities (education, health care and sport).	The Company has planned a Pentonic brand extension. During the year under review, the proportion of revenues derived from value-added products increased to 46% in the domestic market
	Boosted brand recall among customers	Improved employee and stakeholder engagement	Society, education and healthcare	Addressed consumer needs better
	Intellectual, Manufactured, Social and Relationship	Intellectual, Human	Social and Relationship, Natural	Intellectual, Manufactured, Social and Relationship



HOW WE ENHANCE VALUE

OUR RESOURCES

Financial capital

The financial resources that the Company seeks are based on the funds it mobilises from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.

Manufactured capital

The Company's assets, technologies and equipment constitute its manufactured capital. The logistics for the transfer of raw materials and finished products are integral to its manufacturing competence.

Human capital

The Company's management, employees and contractual workers form a part of its workforce.

Intellectual capital

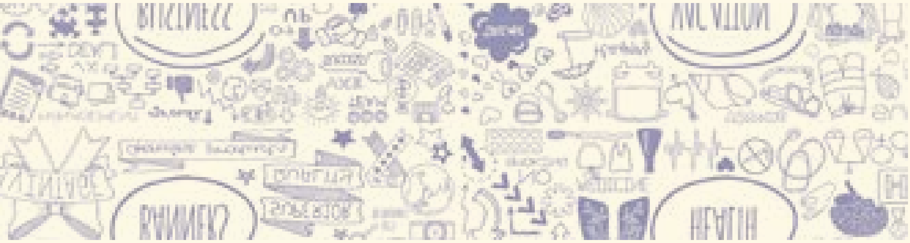
The Company's focus on cost optimisation and operational excellence, as well as its repository of proprietary knowledge, account for its intellectual resources.

Natural capital

The Company sources raw materials including polymers (derived from crude oil) in a manner that does not adversely affect the environment.

Social capital

The Company's relationships with the communities and partners (vendors, suppliers and customers) influence its role as a responsible corporate citizen



VALUE CREATED

Financial capital

Turnover: ₹**367** crore

Earnings per share: ₹**3.69**

RoCE: **9.2**%

Manufacturing capital

Number of pens produced/ outsourced: **75.7** crore

Writing instruments sold: **76.7** crore

Human capital

Number of employees: **797**

Total remuneration: ₹**28** crore

Social and relationship capital

Number of retailers: >**50,000**

Number of distributors: >**2550**

Number of suppliers: >**500**

VALUE SHARED WITH

Investors

The Company enriched investors through dividends and capital appreciation

Suppliers

The Company sourced ₹254 crore of materials from suppliers

Employees

The Company provided remuneration worth ₹28 crore to its employees.

Customers

The Company provided more than 76.7 crore units of writing instruments (among other stationery products) to customers.

Distributors and suppliers

The Company enhanced value for distributors and retailers through sustained resource offtake, brand strength and consumer pull.

Manufacturing review

MANUFACTURING REVIEW

Overview

Manufacturing is one of the most critical functions in the writing instrument industry, reconciling manual, semi-automated and automated assembly. The result is a premium on the need for trained labour on the one hand and the right technology selection on the other.

Over the years, the Company created an eco-system of trained professionals to manufacture a large throughput of quality products. Besides, the Company invested in cutting-edge manufacturing technologies with the objective to enhance throughput, efficiency and quality.

Strengths

• Linc has been progressively investing in manufacturing automation, enhanced volume throughput, product quality and cost competitiveness

• Linc is totally and legally compliant with prevalent labour laws

• A compliance with processes and systems translated into quality consistency

Challenges and responses

The prime challenge for the Company lies in consistently producing quality products. To address this challenge, the Company embarked on debottlenecking initiatives at the Umbergaon and Serakole facilities through the planned replacement of obsolete equipment with automated alternatives.

Highlights, FY2018-19

• The newly-introduced Pentonic accounted for more than 1.5 crore units in 4th quarter.

• Average capacity utilisation was 85%.

• Inventory holding days were brought down to 70 days from 86 days in the previous year.

Outlook

• The Company intends to introduce Geltonic, estimated to deliver 2x writing length over the industry average.

• The Company is striving to reduce the manufacturing cost of Pentonic with the help of automation.

Cost management

• The Company re-designed pen 'tips', which reduced costs attractively without compromising pen quality.

• The Company sourced instrument components at a lower cost, strengthening viability

Productively sweating our assets

85%

Average capacity utilisation of plants, FY2018-19

Branding review

BRANDING REVIEW

Overview

Branding plays a critical role in enhancing recall for a product that is generally brought on impulse.

Linc's brand has been reinforced around a long-standing industry presence across four decades.

The Company's recall has been reinforced by its pioneering position, ability to launch differentiated products, create new price slots, engage celebrities as brand ambassadors and enhance association with prominent national events.

The Company's promotions were largely built around extended writing length, writing smoothness, ink colour and a superior price-value proposition.

The Company's promotional capability was showcased in the success of its fast-selling Pentonic product. The Company's promotion enhanced Pentonic recall around innovation and quality through advertisements in prominent magazines and hoardings, establishing its position as a differentiated product.

Strengths

- A longstanding presence of more than four decades helped the Company reinforce its recall in India's writing instruments industry
- A track record of innovation translated into stronger offtake and sectoral leadership
- A sustained spending on brand building (₹26.43 crore in the five years ending FY2018-19) enhanced visibility and unaided recall
- The Company's brand stands for the 'If it is Linc, it must be different' recall

Challenges and responses

- The erstwhile strategy of the Company was to enhance overall brand recall without a disproportionate investment in individual brands
- The Company was required to create a planned branding agenda for 'Pentonic', its iconic brand
- The Company was required to counter the conventional mindset that a successful writing instrument comprise a metal clip, grip and film-coating for it to succeed

Focused portfolio of Linc

Pentonic: ₹10

Signetta: ₹10

Executive Gel: ₹10

Glycer: ₹7

Our key numbers

0.5%

Proportion of revenues invested in branding, FY2017-18

1.5%

Proportion of revenues invested in branding, FY2018-19

Highlights, FY2018-19

- During the year under review, the Company engaged in differentiated branding engagements across Kerala, Andhra Pradesh, Telangana and Tamil Nadu
- The Company undertook promotional activities across bus shelters and event sponsorships. The Company engaged in promotional campaigns around the 2019 general elections
- The Company engaged in taxi branding, metro branding and LED board branding, enhancing its mass contact
- The Company increased the proportion of print media advertisements in its total branding initiatives from 3% in FY2017-18 to around 30%.

Outlook

- The Company intends to extend the Pentonic brand through the timely launch of new pens under the existing brand umbrella.
- The Company extended to electronic media advertisements from April 2019
- The Company is expanding its portfolio to address customers with a diversified portfolio (including mechanical pencils and markers)

The story of Pentonic ...

Within just 1 year, Pentonic generated a distinctive recall for flexibility, innovation and contemporariness. This resulted in Pentonic emerging as Linc's largest revenue generator within a year of launch

SALES AND DISTRIBUTION REVIEW

Overview

In the writing instrument business, the speed and breadth of sales distribution enhances business competitiveness.

Linc invested in a robust network of 2400 pan-India dealers. During the last few years, the Company widened its distribution footprint, enhanced wallet share per distributor and provided a superior after-sales service.

Strengths

• The Company's strength is derived from long-standing relationships with trade partners, translating into business stability

• The Company enhanced incomes for its trade partners through the accelerated launch of quality products

• The Company's widening products portfolio enhanced wallet share for trade partners

• The Company enjoyed a robust presence across 29 States

• The Company's products are available across more than 50,000 direct touch points and 20,000 indirect touch points

Challenges and responses

• Availability of skilled manpower was a challenge that Linc resolved by focusing on on-the-job training and second-line succession planning, widening the talent pool.

• Primary customer retention (trade partner) was a serious challenge that Linc addressed through meetings with distributors.

• The Company benchmarked products in line with international quality standards, strengthening wider product acceptance

Highlights, FY2018-19

Domestic

• The Company increased sales 10.4% to ₹278 crore

• The Company marketed over 1.5 crore Pentonic pens in 4th quarter.

• The Company strengthened portfolio management by growing revenue-drivers while discontinuing products with low margins.

• The Company rationalised the number of distributors, enhancing margins for existing trade partners. The Company continued to focus on West Bengal, Uttar Pradesh, Delhi, Bihar, Mumbai and Jharkhand as core markets.

Exports

• The Company conducted sales training in Kenya, Bangladesh and Cambodia, among other countries

• Enhanced brand awareness in Brazil, Kenya, Germany and Dubai

• Extended into markets like Kazakhstan and South Africa; organised exhibitions in the US to penetrate that country

Outlook

Domestic

• The Company intends to grow sales by at least 13%

• The Company intends to enhance responsiveness following better after-sales service.

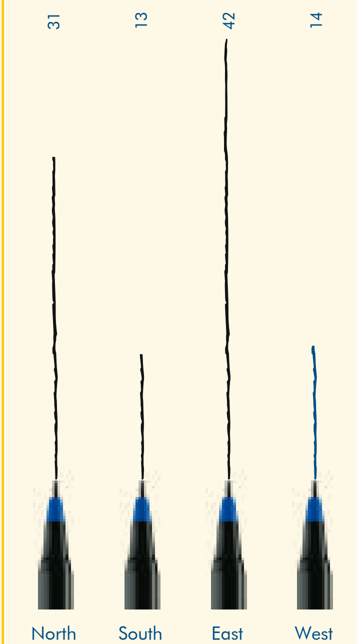
Exports

• The Company intends to grow and increased exports to well over ₹100 crore

• The Company intends to create a distinguished brand recall for Pentonic, leveraging on which the Company would be able to create better offtake from the Pentonic brand extension in the near future.

• The Company plans to contact international embassies to strengthen relations with each country, catalysing exports of the Company.

Zonal source of revenues (%)



Pentonic – the game-changer

The proportion of writing instruments priced at ₹10 and above in the overall volumes increased 700 bps to 24%. The principal driver of this increase was derived from Pentonic, which helped graduate customers to a higher price point.

Our key numbers

[General Trade – Domestic]

40% of revenues from products of ₹10 and above, FY2018-19

33% of revenues from products of ₹10 and above, FY2017-18

Key numbers

INDIA'S KEY NUMBERS DRIVING THE WRITING INSTRUMENT INDUSTRY

1.36
Population in India in FY2018-19 (in billion)

1.05
Population in India in FY1999-00 (in billion)

33.2
Urban population in 2018 (in %)

27
Average age in India in 2018 (in years)

22.7
Average age in India in 2000 (in years)

27.4
Urban population in 2000 (in %)

79
Estimated literacy rate in India in FY2017-18 (in %)

52
Literacy rate in India in FY1990-91 (in %)

2/3
Expected India's working population with respect to total population by 2025

646
Estimated rural income by 2022 (in US$, billion)

413
Rural income in 2017 (in US$, billion)

70
Estimated GDP accounted by urban population in India by 2020 (in %)

MANAGEMENT DISCUSSION AND ANALYSIS

Indian economic overview

India retained its position as the sixth-largest economy and the fastest-growing trillion-dollar economy through a major part of the year under review (except in the last quarter of FY2018-19). After growing 7.2% in FY2017-18, the Indian economy is estimated to have grown 6.8% in FY2018-19 as per the Central Statistics Office release, May 2019.

The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates and weakened consumer sentiment from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which in turn resulted in slower GDP growth that declined to 5.8% by the fourth quarter of FY2018-19, the slowest growth in a single quarter in years.

In 2018, the country attracted ~US$ 42 billion in FDI inflows as per the World Investment Report, 2019. Driven by strong policy reforms, India witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the 'Ease of Doing Business' that captured the performance of 190 countries.

The commencement of the US-China trade war opened a new opportunity for India, particularly in the agro sector. Inflation (including food and energy prices) was estimated at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded after touching a low of ₹74.45 to a dollar to close the financial year at ₹69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

16

Per capita consumption spend on consumer products in rural India in FY2017-18 (in US$)

Outlook

The Indian economy appears to be headed for sustained sluggishness in FY2019-20. Even as a new government is expected to remain pro-investment and pro-business resulting in a larger spending on infrastructure build-out, an economic revival appears some quarters away. The long-term outlook of the country appears to be positive on account of the various economic reforms, increasing aspirations, sustained consumption momentum and a national under-consumption across a range of products appearing to correct. *(Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today, Money control)*

Indian writing instrument industry overview

The writing instrument industry dominates the non-paper-based stationery industry and comprises pens, pencils, markers

and highlighters. Within the writing instrument industry, the pen accounts for a major share and is driven largely by volumes. Pens can be further categorised into ball pens, gel pens, fountain pens, among others. Apart from pens, the writing instrument industry comprises pencils (traditional pencils and mechanical pencils), markers and highlighters.

The Indian writing instruments industry was estimated at ₹56 billion in FY2017-18. Of this, the domestic writing instrument industry (at manufacturing realisations) was estimated at ₹44 billion with exports contributing the remaining ₹12 billion. Among these, pens accounted for the largest chunk of revenue and are expected to maintain their sectoral leadership between 2018 and 2019. Ball pens accounted for a major part of revenues and volume shares, whereas gel pens grew at the fastest pace among all types of pens owing to a shift in the buying behaviour of consumers towards premium products. The pen industry was estimated to account for 70-75% of the domestic industry, growing at around a CAGR of 7% in the last three years and is likely to sustain that momentum. *(Source: CRISIL report, Business Standard)*

64

Per capita consumption spend on FMCG in urban India in FY2017-18 (in US$)

Indian stationery industry overview

The Indian stationery industry is a vast industry that can be classified into paper products, writing instruments, computer stationery, school stationery, and office stationery. Capitalising on the opportunity provided by the GST, the organised sector grew reasonably in FY2018-19. Positive forces like government policies and international competition catalysed the stationery industry to sustain itself and grow steadily.

The biggest consumer of the Indian stationery industry is the educational sector, one of the largest education systems in the world with 1.53 million schools and more than 315 million students, 903 universities and 39,050 colleges having more than 242 million students. The Indian educational sector is estimated at US$91.7 billion in FY2017-18 and expected to reach US$101.1 billion in FY2018-19 and US$144 billion by FY2019-20.

This huge educational system ensures that at a literacy rate of 79% there is sizeable headroom for the stationery industry to grow with new students enrolling each year. To strengthen the sector's prospects, the government took a number of initiatives and allowed 100% foreign direct investment (FDI) through the automatic route. Between April 2000 and June 2018, the FDI inflow into the education sector was US$1.75 billion. The various initiatives of the Government to promote literacy are the biggest driving factors of the industry.

The demand for industry products is also driven by the industry's penetration into the rural areas and rising awareness among people about the importance of literacy in the country. *(Source: VCC edge report)*

Growth drivers

Demographic mix: India is young country with half its population under the age of 25, and further translating into an average age of 28 in FY2018-19. This, in turn, shows the huge quantum of young population, which will boost the writing instrument industry in the country.

Disposable income: Rising per-capita income in real terms (at FY2011-12 prices) during FY2018-19 is likely to attain a level of ₹91,921 compared to ₹86,668 in the previous fiscal, which translates into a higher consumption of writing instrument across the country.

29

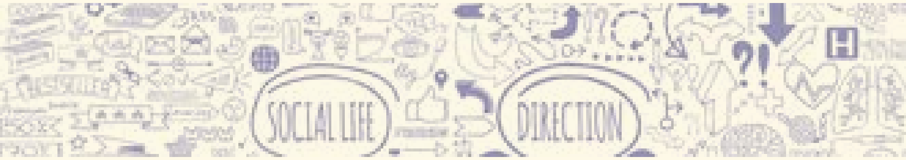
Per capita consumption spend on FMCG in India in FY2017-18 (in US$)

Educational spending: India is a young market with 310 million students, roughly the size of the entire US population. This number has been growing at 1.7% y-o-y, which depicts the huge education expenditure the country has been incurring and is likely to incur in the coming years. The demographic mix is one of the biggest growth drivers for the writing instrument industry.

Rising literacy: Government measures to improve literacy, such as the Right to Education Act (RTE) 2009, Sarva Siksha Abhiyan (SSA), the Mid-Day Meal Scheme, and the increasing spending on education by the Central and the state governments have resulted in the number of literates rising to around 79% in 2018 from 65% in 2001. According to Census 2011, every person above the age of seven who is able to read and write with understanding in any language is literate. Literacy rate is expected to improve and boost growth of the stationery industry.

Increasing focus of foreign players in Indian writing instrument industry: Over the last few years, the Indian stationery industry, inclusive of the writing instrument industry, has witnessed an increasing interest of foreign players. This is evident from the fact that foreign brands have entered the Indian market through different business models. The trend is supportive of Indian players as they get access to new technology and in turn can leverage their brands in domestic and exports.

Increasing spending by the government on education: Through various centrally sponsored schemes and core schemes, the Central government of India continued efforts to increase the penetration of educational services in all segments of its population, improve the quality of programme delivery and enhance the infrastructure of the sector. Ongoing schemes of the government for school education include the National Education Mission (covering Sarva Shiksha Abhiyan, Rashtriya Madhyamik



Shiksha Abhiyan, Teachers Training and Adult Education) and the national programme of mid-day meal in schools. India's gross value added (GVA) in education services as a percentage of total GVA improved from 3.3% in FY2011-12 to 3.9% in FY2016-17. For FY2018-19, budgetary allocation on education (school education and higher education) has been increased by 6.7% to ₹850 billion (budgetary outlay-against actual expenditure of ₹797 billion in FY2017-18). However, on account of inefficiencies in terms of quality and quantity, as indicated by poor pupil-teacher ratio, high dropout rates, absenteeism as well as poor learning outcomes, India lags global peers on several parameters. In recent times, a few States have significantly increased their budgetary allocation to this sector. The Delhi government has earmarked ₹125 billion to the education sector for FY2018-19, which is 46% higher than the revised outlay for FY2017-18 (₹85 billion). The Karnataka government proposed ₹260 billion to the sector for FY2018-19 compared to the revised outlay of ₹198 billion (growth of 31% on y-o-y basis).

39,050

Number of colleges in India in FY2017-18

Increasing acceptance of private coaching segment: Lack of sufficient quality and / or infrastructure in government schools, low teacher-student ratio, competitive academic curriculum, and sharpening focus on higher education have led to an increasing reliance on the system of private coaching. According to an NSSO survey 2014 report, the share of students taking private coaching stands at more than 20% for primary education, more than 25% for upper primary education, and more than 35% for secondary and higher secondary education. This parallel education system is costly and leads to a substantive spending on stationery items. This trend is gradually catching up in Tier II and Tier III cities as well. *(Source: CRISIL report)*

Government initiatives

Sarva Shiksha Abhiyaan: This initiative from 2001 focused on universal access and retention of students in schools, helping bridge the gap of gender and social categories to improve the quality of learning.

Rashtriya Madhyamik Shiksha Abhiyan: Launched in 2009, this Government initiative enhanced access to secondary education and improved quality. It helped generate human capital that can be expected to accelerate growth and development.

Skill India: The Government launched this initiative in 2015 with the aim to provide training and skill development to 500 million youth by 2020, covering each village. This initiative has helped create opportunities, space and scope for the development of the Indian youth and identify new sectors for skill development.

Eklavya Schools: The Government has proposed setting up Eklavya schools at par with Navodaya Vidayalas by 2022 for every block with more than 50% scheduled tribe (ST) population and at least 20,000 tribal people to make education accessible to all. *(Source: VCC Edge Report, PIB)*

Outlook

The writing instrument industry is estimated to reach ₹70 billion by value, based on manufacturing realisations by FY2020-21 on account of an overall annual growth of 7%. Industry growth will be driven by the domestic market and exports. The domestic market (on the basis of manufacturer realisations) is poised to grow at a CAGR of 10% between FY2017-18 and FY2020-21. On the basis of retail realisations, the pen industry size is estimated to reach ₹89 billion by FY2020-21 on account of an annual growth rate of 10%.

India's literacy rate has been growing owing to rapid urbanisation. An increasing number of schools and offices, improved standard of living as well as a shift in focus from inexpensive to premium products on account of a burgeoning economy are some of the crucial factors that could drive the demand for stationery products over the next three years.

(Source: CRISIL report)

Risk management

Economic risk: A slowdown in the sectors, which are the major demand drivers of the Company could result in sluggish growth. On the backdrop of sluggish economic conditions that are likely to improve, Linc intends to foray into new markets on the back of growth opportunities. Linc intends

32,974
Number of colleges in India in FY2010-11

903
Number of universities in India in FY2017-18

621
Number of universities in India in FY2010-11

36.64
Number of students enrolled in higher education in FY2017-18 (in million)

25.8
Gross enrolment ratio in higher education in India in FY2017-18 (in %)

250
Number of school-going students in FY2017-18 (in million)

to improve its market penetration in southern India and, in doing so, has taken up several branding initiatives during the year under review.

Competition risk: Intense competition from organised and unorganised players may affect the Company's market share. To mitigate this risk, Linc has differentiated itself from its peers with innovative and quality products. On the back of Pentonic, the Company successfully migrated its customers to a higher price point during the year under review.

Liquidity risk: A liquidity crunch could adversely affect long-term viability. The Company strengthened its cash flow by reducing the Inventory and Debtors days to 113 days in FY2018-19 from 136 days in FY2017-18, improving the debt-equity ratio to 0.49 times.

Quality risk: Inability to service the customers with quality product could in turn affect the demand of the Company's product. The Linc brand name is synonymous with superior quality and customer centricity. The Company is also accredited with ISO 9001:2008 certification, which speaks volumes about its compliance with stringent quality management norms.

Digitisation risk: Digitisation can cause stagnation in demand for writing instruments and in turn impact the Company's profitability. To mitigate this risk, Linc has strategically shifted its focus towards value-added products which translates into superior offtake for not just the Company but also the stakeholders. The Company is also leveraging the growing importance of digitisation to strengthen its branding across the country on the back of digital media.

Raw material risk: The proportion of raw materials, which are crude-based, is pegged at 40% of the total raw materials and an increase in crude prices can drive costs up for these materials. In order to mitigate this risk, Linc has come up with a focused portfolio of products which are revenue drivers for the Company and help cushion the adverse effect of crude on raw materials.

Internal control systems and their adequacy

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees. The control and risk committee and the head of the audit department work under the supervision of the Board-appointed Statutory Auditors.

Human resources

Linc believes that its competitive advantage lies within its people. The Company's people bring to the stage a multi-sectoral experience, technological expertise and domain knowledge. The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions in alignment with the professional and personal goals of employees, achieving an ideal work-life balance to enhance pride of association.

Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward–looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

DIRECTOR'S PROFILE

MR. ANIL KOCHAR

62, independent, non-executive director, a postgraduate in commerce and LLB, is an eminent advisor on income tax matters. He brings with him a wide experience to the Board.

MR. SANJAY AGARWAL

57, independent, non-executive director. He is a commerce graduate from Calcutta University and having more than 32 years of rich experience in diverse fields. He is the Managing Director of Century Plyboards (India) Limited and Star Cement Ltd. and is the driving force behind the successful making of 'Century Ply' Brand. He is also the past President of Merchants Chamber of Commerce and is on executive bodies of other reputed trade Committees and organizations.

MR. NARESH PACHISIA

56, independent, non-executive director. He is Founder & MD, SKP Securities Ltd., Eastern India's leading investment banker, wealth manager and stock broker with 37 years' experience in capital markets.

MS. SUPRIYA NEWAR

44, independent, non-executive director, Author of the recently released and widely acclaimed book, 'Kalkatta Chronicles', Supriya Newar has clocked nearly two decades of keen professional involvement in the world of brands and communications. She has had the opportunity to work closely with prestigious Indian and global brands and lead and train teams. She is also a guest lecturer at reputed institutes, a music aficionado and a traveller.

MR. DEEPAK JALAN

57, managing director, a commerce graduate with 33 years of experience, responsible for the overall operations with a specialisation in international operations. Responsible for the Company's strategic direction.

MR. ALOKE JALAN

50, wholetime director, a commerce graduate with 28 years of experience in the business, he looks after the Company's marketing operations with an emphasis in the Western and Southern Region.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 25th Annual Report together with the audited accounts of the Company for the year ended 31st March, 2019.

Financial Highlights

(₹ in Lakhs)

	2018 – 19	2017 – 18
Revenue from Operations	36693.64	33189.15
Other Income	222.66	116.28
Profit before depreciation, interest and taxation	2792.53	2693.32
Finance Cost	610.71	485.24
Depreciation	1044.38	960.29
Profit before Tax	**1137.44**	**1247.79**
Provision for Taxation - Current	246.00	267.00
- Income Tax for earlier years	206.24	-
- Deferred	140.19	196.68
Profit after Tax	**545.01**	**784.11**
Total Other Comprehensive Income	(17.41)	(2.11)
Total Comprehensive Income of the Year	**527.60**	**782.00**
Add: Credit Balance of the previous year	744.51	996.39
Amount available for Appropriation	1272.11	1778.39
Transfer to General Reserve	500.00	500.00
Dividend	221.79	443.58
Corporate Tax on Dividend	45.59	90.30
Balance carried to Balance Sheet	504.73	744.51

An amount ₹500 Lakhs is being transferred to the General Reserves of the Company as at 31st March, 2019.

Dividend

Your Directors recommend a Dividend of ₹1.50 per equity share (previous year ₹1.50 per equity share) for the year ended 31st March, 2019.

Financial Performance

During the year under review, the Company's Revenue from Operations increased by 10.6% to ₹36694 Lakhs as compared to ₹33189 during the preceding year. The Profit after tax during the year was ₹545 Lakhs as compared to ₹784 Lakhs in the previous year, a drop of about 30.5%. This was mainly due to Income Tax Liability of earlier years and significant inventory correction. This lead to a drop in Interest Coverage to 2.9 from 3.6 in the previous year.

The year-end debtors were 43 days of sales for the year as compared to 50 days in the previous year. The inventory holding as at year end was for 70 days of sales as compared to 86 days as at the end of previous year.

A full analysis and discussion on the performance of the Company as well business outlook is included in this Annual Report under the heading 'Management Discussion and Analysis' as Annexure to this Report.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:-

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Governance

The Company had complied with the requirements of Corporate Governance in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report each on Corporate Governance (Annexure-B, along with Auditors' Certificate on its due compliance) and Management Discussion and Analysis is attached to this report.

Secretarial Standards

The Directors state that applicable Secretarial Standards, i.e. SS-1, SS-2 and SS-3, relating to 'Meetings of the Board of Directors', 'General Meetings' and 'Dividend' respectively, have been duly followed by the Company.

Listing

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited (CSE).

Directors and Key Managerial Personnel

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

Shri Sanjay Agarwal was appointed as an Additional Director of the Company by the Board of Directors on 12th February, 2019, on recommendation of Nomination and Remuneration Committee. Shri Agarwal is recommended for appointment as Independent Director in terms of Section 149 of the Companies Act, 2013, for five consecutive years.

Shri Rohit Deepak Jalan was appointed as an Additional Director of the Company by the Board of Directors on 28th May, 2019, on recommendation of Nomination and Remuneration Committee. Shri Rohit Deepak Jalan is recommended for appointment as Director- Sales & Marketing w.e.f. 1st October, 2019

Shri Naresh Pachisia and Shri Anil Kochar have been appointed Independent Director of the Company for a period of five consecutive years from 29th August, 2014 and their terms of office as Independent Directors will cease on 28th August, 2019. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, have recommended the re-appointment of Shri Pachisia and Shri Kochar as Independent Director for a further period of five consecutive years from 29th August, 2019. The Board of Directors are also of the opinion that Shri Pachisia and Shri Kochar fulfill all the criteria specified in the Companies Act, 2013 and rules thereon and all the requirements of Listing Regulations, 2015 making them eligible to be appointed as Independent Director of the Company for a further term. Shri Pachisia and Shri Kochar do not hold any shares in the Company. Additional information is mentioned in the Notice convening the ensuing Annual General Meeting of the Company.

Shri K. N. Ranasaria, Independent, Non-Executive Director has resigned from the Board w.e.f. 25th March, 2019 as his age being more than prescribed in the Listing Regulations, 2015. The Directors have placed on record their sincere appreciation for the valuable contribution and guidance provided by Shri K. N. Ranasaria during his tenure as Director.

The following persons continued as Key Managerial Personnel of the Company in compliance with the provisions of section 203 of the Companies Act, 2013:

Shri Deepak Jalan - Managing Director

Shri Aloke Jalan - Whole Time Director

Shri N. K. Dujari - Chief Financial Officer & Company Secretary

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

A statement pursuant to section 134 of the Companies Act, 2013, giving details of measures taken towards conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Accounts) Rules, 2014 is annexed as Annexure - C.

Particulars of Employees and related disclosures

Disclosure as required Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed as Annexure – D.

Policy on Directors' Appointment and Remuneration

Policy on Directors' Appointment is to follow the criteria as laid down under the Companies Act, 2013 and the Listing Regulations, 2015 and good corporate practices. Emphasis is given to persons from diverse fields or professions.

Policy on Remuneration - Guiding Policy on remuneration of Directors, Key Managerial Personnel and employees of the Company is –

- Remuneration to unionised workmen is based on the periodical settlement with the workmen union.
- Remuneration to Key Managerial Personnel, Senior Executives, Managers, Staff and Workmen (non Unionised) is industry driven in which it is operating taking into account the performance leverage and factors such as to attract and retain quality talent.

For Directors, it is based on the shareholders resolutions, provisions of the Companies Act, 2013 and Rules framed therein, circulars and guidelines issued by Central Government and other authorities from time to time.

Declaration by Independent Directors

Pursuant to Section 149(6) of the Companies Act, 2013 and Listing Regulations, 2015, Independent Directors of the Company have made a declaration confirming the compliance of the conditions of the independence stipulated in the aforesaid section.

Related Party Transactions

All related party transactions that were entered into during the year under report were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company during the year. Thus, provisions of section 134(3)(h) and 188(1) of the Companies Act, 2013 are not applicable and therefore, Form No.

AOC-2 has not been attached. Related Party Transactions Policy is available on weblink http://www.lincpen.com

Risk Management

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organisation from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are inventorised and integrated with the management process such that they receive the necessary consideration during decision making. It is dealt with in greater details in the management discussion and analysis section.

Credit Rating

The Company's credit ratings ascribed by CRISIL are - Long Term – CRISIL A/Stable; and Short Term – CRISIL A1.

Annual Evaluation by Board

The Board of Directors of the Company has initiated and put in place evaluation of its own performance, its committees and individual directors. The result of the evaluation is satisfactory and adequate and meets the requirement of the Company.

Whistle Blower Mechanism

Your Company has put in place Whistle Blower Mechanism. The detailed mechanism is given in Corporate Governance Report forming part of this report.

Extract of Annual Return

Extract of Annual Return is annexed as Annexure – E.

Meeting of the Board of Directors

Five (5) meeting of the Board of Directors, including a meeting of independent Directors, without the attendance of the Non-Independent Directors and members of management, were held during the year. The details of the same are provided in the Corporate Governance Report.

Auditors

M/s Singhi & Co. (FRN: 302049E), Chartered Accountants were appointed as the Statutory Auditor of the Company in 23rd Annual General Meeting held on 1st September, 2017 for a period of 5 consecutive years commencing from the conclusion of the 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting of the Company.

In accordance with the Companies Amendment Act, 2017 enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Secretarial Audit

The Company had appointed M/s D. C. Sahoo & Co., Practising Company Secretaries as the Secretarial Auditor of the Company for the financial year 2018-19. The report of the Secretarial Auditor is annexed as Annexure – F. The Secretarial Auditor has made observation in the report.

Internal Finance Control

The Company has put in place adequate system of internal finance controls, commensurate with its size and nature of its operations. During the year no material weakness in its operating effectiveness was observed.

Corporate Social Responsibility

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications issued by Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy and the details are contained in the Annual Report on CSR activities given in Annexure - G forming part of this report.

The amount required to be spent on CSR activities during the year under review in accordance with the provisions of Section 135 of the Companies Act, 2013 is ₹40.71 Lakhs and the company has spent ₹15.76 Lakhs during the current financial year. The spending was less as the Company wanted to utilize the funds in justifiable, sustainable and measurable activities. The shortfall in the spend during the year under review is intended to be utilized in future on projects within the Company's CSR Policy.

Further as a responsible corporate citizen, the Company had been involved in CSR activities since its inception. Some of these activities will not fall under 2% CSR spend as per Schedule VII read with Section 135 of the Companies Act, 2013. But the Company decided to continue with them, since those activities are integral to the business of the Company.

Prevention of Sexual Harassment at workplace

The Company has in place a Policy against Sexual Harassment of Women at Workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complain Committee (ICC) has been setup to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

Number of complaints received by the Committee during the financial year : N I L

General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.
- Details relating to deposits covered under Chapter V of the Act.
- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.

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

Date: Kolkata	**Deepak Jalan**	**Aloke Jalan**
Place: 28th May, 2019	*Managing Director*	*Whole Time Director*
	DIN: 00758600	DIN: 00758762

Annexure - B
Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

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

- 2 Promoter, Executive Directors
- 4 Independent, Non-Executive Directors including one Woman Director

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

Name of the Director	DIN	Category	No. of Other Directorship*	No. of Membership/ Chairmanship of other Board Committee +
Shri Deepak Jalan	00758600	Promoter, Executive	1	Nil
Shri Aloke Jalan	00758762	Promoter, Executive	Nil	Nil
Shri Naresh Pachisia	00233768	Independent, Non- Executive	3	3 (as Member)
Shri Anil Kochar	00943161	Independent, Non- Executive	2	1 (as Member)
Shri Sanjay Agarwal#	00246132	Additional Director- Independent, Non- Executive	6	1 (as Member)
Ms. Supriya Newar	07144076	Independent, Non- Executive	Nil	Nil

*Excludes membership of the managing committee of various chambers/bodies and directorship in private limited Companies, foreign companies, companies under Section 8 of the Companies Act, 2013 and alternate directorship.

+ Only membership / chairmanship of Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies have been considered.

*Excludes Linc Pen & Plastics Limited.

Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

Shri K. N. Ranasaria , Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019 as his age being more than prescribed in the Listing Regulations, 2015.

There is no permanent Chairman in the Board. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies and where any Independent Director is serving as whole time director in any listed company, such director is not serving as Independent Director in more than three listed companies. None of the Directors is a member of more than ten Committees or Chairman of more than five Committees across all Companies.

Details of Directorship in Listed Companies as on 31st March, 2019

Name of the Director	Name of Listed Company	Category
Shri Deepak Jalan	Linc Pen & Plastics Ltd.	Promoter, Executive
Shri Aloke Jalan	Linc Pen & Plastics Ltd.	Promoter, Executive
Shri Naresh Pachisia	Linc Pen & Plastics Ltd.	Independent, Non- Executive
	Gillanders Arbuthnot & Co. Ltd.	Independent, Non- Executive
	SKP Securities Ltd.	Executive
Shri Anil Kochar	Linc Pen & Plastics Ltd.	Independent, Non- Executive
	Mysore Petro Chemicals Ltd.	Independent, Non- Executive
Shri Sanjay Agarwal	Linc Pen & Plastics Ltd.	Independent, Non- Executive
	Century Ply Boards (I) Ltd.	Executive
	Star Cement Ltd.	Executive
Ms. Supriya Newar	Linc Pen & Plastics Ltd.	Independent, Non- Executive

Skill/expertise/competence of the Board of Directors:

Executive Directors:	
Shri Deepak Jalan	a commerce graduate with 33 years of experience in the business with a specialisation in international operations, is Managing Director.
Shri Aloke Jalan	a commerce graduate with 28 years of experience in the business.

Independent, Non-Executive Directors	
Shri Naresh Pachisia	have 37 years of rich experience in Wealth Management and Capital Market.
Shri Anil Kochar	a postgraduate in commerce and LLB, is an eminent advisor on income tax matters.
Shri Sanjay Agarwal	a commerce graduate and having more than 32 years of rich experience in diverse fields.
Ms. Supriya Newar	Master's degree in International Relations, keenly involved with the world of Brand and Communications for the last two decades.

The Company has a familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc. and the same has been posted on the website at www.lincpen.com.

The Board has devised proper system to ensure compliance with the provisions of all applicable laws and periodically reviewed the compliance reports of all laws applicable to the Company and necessary steps were taken to ensure the compliance in law and spirit.

Performance Evaluation and Criteria

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the performance evaluation of its own performance and that of its Committees as well as evaluation of performance of the Directors individually.

Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations, corporate governance practices and stakeholders' interests. A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgement, meeting risk management & competition challenges, compliance & due diligence, financial control, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of Non-Independent Directors were carried out by the Independent Directors. The Nomination & Remuneration Committee also carried out evaluation of every director's performance. The Directors expressed their satisfaction with the evaluation process.

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

During the financial year ended March 31, 2019, five Board Meetings were held on 30th May, 2018, 10th August, 2018, 3rd November, 2018, 12th February, 2019 and 23rd March, 2019. The meeting held on 23rd March, 2019 was for the Independent Directors, without the attendance of the Non-Independent Directors and members of management. 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 11.09.2018
Shri Naresh Pachisia	4	Present
Shri K. N. Ranasaria*	4	Present
Shri Deepak Jalan	4	Present
Shri Aloke Jalan	2	Present
Shri Anil Kochar	5	Present
Ms. Supriya Newar	5	Present
Shri Sanjay Agarwal#	2	Not Applicable

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.

Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

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. Shri Anil Kochar was appointed as Chairman of the committee pursuant to resignation of Shri K. N. Ransaria w.e.f. 25th March, 2019. During the financial year ended 31st March, 2019, four Audit Committee Meetings were held on 30th May, 2018, 10th August, 2018, 3rd November, 2018 and 12th February, 2019. The attendance of the Members were as under-

Members	No. of Meetings Attended
Shri Anil Kochar, Chairman	4
Shri Naresh Pachisia	3
Shri Deepak Jalan	4
Shri K. N. Ranasaria*	4

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.

The role, powers, duties and terms of reference of the Audit Committee cover the matter specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, 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. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of Shri Sanjay Agarwal, Chairman, Shri Naresh Pachisia, and Shri Anil Kochar, all of whom are Independent and Non-Executive Directors. The Committee was re-constituted with the induction of Shri Sanjay Agarwal, Independent, Non- Executive Director w.e.f. 12th February, 2019 in lieu of Shri K. N. Ranasaria. The Company Secretary acts as the Secretary to the Committee. During the year, the Nomination and Remuneration Committee met on 27th April, 2018 and 12th February, 2019. The attendance of the Members were as under-

Members	No. of Meetings Attended
Shri K. N. Ranasaria*	1
Shri Sanjay Agarwal, Chairman#	-
Shri Naresh Pachisia	2
Shri Anil Kochar	2

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.

Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

The role, power and term of reference of the Nomination and Remuneration Committee covers the area as contemplated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors. The role include formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

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 V to the Companies Act, 2013. 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	71,25,000	10,80,000	-	-	82,05,000	Terms of office valid upto 30.09.2020. No notice period & severance fee.
Shri Aloke Jalan	Brother of Managing Director	57,00,000	8,64,000	-	-	65,64,000	-do-
Shri Naresh Pachisia	None	-	-	1,61,000	2,00,000	3,61,000	Appointed for a period of 5 years w.e.f. 29.08.14.
Shri K. N. Ranasaria*	None	-	-	1,50,000	2,00,000	3,50,000	-do-
Shri Anil Kochar	None	-	-	1,81,000	2,00,000	3,81,000	-do-
Shri Sanjay Agarwal#	None	-	-	40,000	25,000	65,000	Appointed as Additional Director w.e.f. 12.02.19.
Ms. Supriya Newar	None	-	-	1,00,000	2,00,000	3,00,000	Appointed for a period of 5 years w.e.f. 03.09.15.

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.

Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

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, 2019, 16 (sixteen) Share Transfer Committee Meetings were held. Number of Shares pending for transfers as on 31st March, 2019 were Nil.

ii) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee comprises of Shri Anil Kochar, Chairman, Shri Deepak Jalan and Shri Aloke Jalan . The Committee was re-constituted with the induction of Shri Aloke Jalan and appointment of Shri Anil Kockar as Chairman in place of Shri K. N. Ranasaria. The Committee is to oversee the redressal of the Shareholders' and Investors' grievances in relation to transfer of shares, non-receipt of Annual Report, non-receipt of dividend etc. The total number of complaints received and replied, to the satisfaction of the shareholders during the year were 1. There were no outstanding complaints as on 31st March, 2019.

iii) Compliance Officer:

The Board has designated Shri N. K. Dujari, Chief Financial Officer & Company Secretary as the compliance officer.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE :

The Corporate Social Responsibility Committee comprises of Shri Deepak Jalan as the Chairman, Shri Aloke Jalan and Ms. Supriya Newar. The Company Secretary acts as the Secretary to the Committee.

The terms of reference of this Committee is to comply with the requirement of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 which includes formulating and recommending to the Board, a Corporate Social Responsibility(CSR) Policy indicating the activities to be undertaken by the Company as per Schedule VII to the Companies Act, 2013; recommending the amount of expenditure to be incurred and monitoring the CSR policy of the Company.

8. WHISTLE BLOWER POLICY :

With the rapid expansion of business in terms of volume, value and geography, various risk associated with the business have also increased considerably. One such risk identified is the risk of fraud and misconduct. The Audit Committee is committed to ensure risk/fraud free work environment and to this end the Committee has laid down a policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud / risk / misconduct. The policy has been posted on the website at www.lincpen.com.

9. 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
2015 – 2016	29.08.16	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.
2016 – 2017	01.09.17	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	3.30 p.m.
2017 – 2018	11.09.18	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkata – 700 020	10.30 a.m.

During the last year, no special resolution has been passed through postal ballot. No special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on 26th August, 2019.

10. DISCLOSURES :

i) Details of related party transactions during the year have been set out under Note No. 35 of Notes on Accounts of the Annual Accounts. However, the Company does not have any materially significant 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. The policy on dealing with related party transactions has been uploaded on the Company's website: www.lincpen.com .

ii) During the year, NSE and BSE imposed a fine of ₹1,84,000 each under Regulation 19 of the Listing Regulations. Apart from this, there were no other instances of non-compliance by the Company nor have any penalties or strictures been imposed on the company by the Stock Exchange(s) or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

iii) The Company has established Vigil Mechanism to provide for the safeguards against victimisation of Directors and employees who follow such mechanism. The policy on the same has been uploaded on the Company's website: www.lincpen.com. As per policy, no person has been denied access to the Chairperson of the Audit Committee.

iv) The Company is regularly complying with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 regarding Board Composition, Code of conduct, Audit Committee, quarterly and annual disclosures etc.

v) The Non – executive Directors does not hold any shares of the Company as on 31st March, 2019.

vi) None of the Directors of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI / Ministry of Corporate Affairs / Statutory

Authorities, which has also been confirmed by M/s D. C. Sahoo & Co., Practising Company Secretaries.

vii) Confirmation by the Board with respect to the Independent Directors is provided in the 'Directors' Report', forming part of the Annual Report.

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

ix) The Company had no subsidiary as on 31st March, 2019.

x) 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.

xi) The total fees paid by the Company to M/s Singhi & Co., Statutory Auditors of the Company, and all other entities forming part of the same network, aggregate ₹10.33 Lakhs.

xii) Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, number of complaints received by the Committee during the financial year: NIL

11. MEANS OF COMMUNICATION:

Timely disclosure of relevant and reliable information on corporate financial performance is at the core of good governance. The Company informs to the Stock Exchanges in a prompt manner, all price sensitive information as well as all such other matters which in its opinion, are material and relevant for the shareholders.

Financial Results: Quarterly, half-yearly and annual financial results of the Company are communicated to the Stock Exchanges immediately after they are considered by the Board and are published in prominent English and Bengali newspapers usually in Business Standard and Sukhabar. These results are also made available on the website of the Company www.lincpen.com.

Press Release on Results: Press release on results are sent to Stock Exchanges and are displayed on its website.

Presentations to institutional investors/ analysts: Time to time the Company interacts with institutional investors and financial analysts on the Company's financial performance. Information of such interaction are uploaded on the Company's website as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in presentation made to institutional investors and financial analysts.

Company Website: The Company's website (www.lincpen.com) contains a separate dedicated section 'Investors Relation' where information for the shareholders is available.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, etc are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, statement of investor complaints, etc are also filed electronically on the Listing Centre.

Designated Email ID: The Company has designated the following Email- ID for investor servicing: investors@lincpen.com

12. 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	:	26th August, 2019 at 3.30 p.m.
	- Venue	:	Shripati Singhania Hall, 94/2, Chowringhee Road, Kolkatta – 700 020
ii)	Financial Calendar	:	
	Financial Year	:	1st April to 31st March
	Results	:	1st Qtr – 1st week of August, 2019 2nd Qtr – 2nd week of November, 2019 3rd Qtr – 1st week of February, 2020 4th Qtr – end May, 2020
iii)	Book closure date	:	20.08.2019 to 26.08.2019 on account of AGM and Dividend.
iv)	Dividend payment date	:	After 26th August, 2019
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 iii) National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
vi)	Listing fees	:	Listing fee for the year 2018 – 2019 has been paid to the above Stock Exchanges.
vii)	Stock code	:	Bombay Stock Exchange - 531241 Calcutta Stock Exchange – 10022035 National Stock Exchange- LINCPEN Demat ISIN No. – INE 802B01019

viii) Market Price Data – High /Low during each month of the year ended 31st March, 2019, at the Bombay Stock Exchange and National Stock Exchange.

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2018	441.00	394.50	24,008	435.95	401.55	82,195
May, 2018	412.70	320.00	19,031	416.90	315.20	1,20,038
June, 2018	357.95	302.10	4,824	361.25	301.80	49,526
July, 2018	329.50	287.05	2,353	320.00	283.25	42,428
August, 2018	379.80	288.00	73,145	380.00	282.95	2,16,491
September, 2018	385.15	275.25	12,590	388.00	290.00	1,29,079
October, 2018	345.50	250.00	11,907	335.90	255.00	1,23,848
November, 2018	332.90	268.10	4,021	338.45	263.00	1,83,076
December, 2018	293.80	250.00	26,570	293.35	252.00	35,488
January, 2019	274.80	232.15	23,711	290.00	232.00	49,548
February, 2019	251.00	191.95	23,726	251.40	192.50	62,653
March, 2019	218.00	186.05	26,724	214.00	184.75	3,27,746

ix) Share Price performance in 2018-19 in comparison to broad based indices – BSE Sensex and NSE Nifty

% Change in Linc's Share Price: -53.11%	% Change in BSE Sensex: 17.30%
% Change in Linc's Share Price: -53.56%	% Change in NSE Nifty: 14.93%

x) Share Transfer System: Presently, the share transmission 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. Maheswari Datamatics Pvt. Ltd
23, R. N. Mukherjee Road, 5th Floor,
Kolkata – 700 001
Phone – 2243 5029/2248 2248,
Fax – 2248 4787, e-mail – info@mdpl.in; mdpldc@yahoo.com

xi) Distribution of Shareholding:

Distribution of Shareholding by Ownership:

	Holding Pattern	No. of Shares	Shareholding %
1	Promoters & Associates	87,96,941	59.50
2	IEPF	22,517	0.15
3	NRI, FIIs, etc.	20,53,791	13.89
4	Private Corporate Bodies	7,57,309	5.12
5	Indian Public	31,55,402	21.34
	Total	**1,47,85,960**	**100.00**

Distribution of Shareholding by Size:

Range of Shares	Shareholders		Shares	
	Number	%	Nos.	%
1 to 500	5,346	89.50	432,788	2.93
501 to 1000	251	4.20	204,141	1.38
1001 to 5000	269	4.51	629,891	4.26
5001 to 10000	34	0.57	249,950	1.69
10001 & above	73	1.22	13,269,190	89.74
Total	**5,973**	**100.00**	**1,47,85,960**	**100.00**

xii) Dematerialisation of Shares:

Holding	No. of Holder	%	No. of Shares	%
Physical	420	7.03	1,43,299	0.97
Demat	5,553	92.97	1,46,42,661	99.03
Total	**5,973**	**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 Paragans (South), West Bengal;

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

c. OHM Industrial Infrastructure Park, Plot No.: 7/8/11/12, Umbergaon, Gujarat

xv) Address for Correspondence : For Share Transfer and related queries -
M/s. Maheswari Datamatics Pvt. Ltd.
23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700 001
Phone – 2243 5029/2248 2248, Fax – 2248 4787
e-mail – info@mdpl.in; mdpldc@yahoo.com

For General Assistance
Mr. N. K. Dujari,
Chief Financial Officer & Company Secretary
Linc Pen & Plastics Ltd.
3, Alipore Road, Kolkata – 700 027
Phone – 3041 2100 / 2479 0248, Fax – 2479 0253
e-mail – investors@lincpen.com

Declaration

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors and Senior Management Personnel have affirmed compliance with the Companies Code of Conduct during the financial year ended 31st March, 2019.

Place: Kolkata
Date: 28th May, 2019

Deepak Jalan
Managing Director
DIN: 00758600

CEO / CFO CERTIFICATION

The Board of Directors
Linc Pen & Plastics Limited
Kolkata

Re: Financial Statements for the financial year 2018 –19 - 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, 2019 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, 2019 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
FCA 54444/FCS 8745

Deepak Jalan
Managing Director
DIN: 0075860

Place: Kolkata
Date: 28th May, 2019

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Linc Pen & Plastics Limited

1. We have examined the compliance of conditions of Corporate Governance by **Linc Pen & Plastics Limited** ("the Company"), for the year ended on 31st March, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2019.

8. We 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 Singhi & Co.
Chartered Accountants
(Firm's Registration No. **302049E**)

(Aditya Singhi)
Partner
(Membership No. 305161)
UDIN: 19305161AAAAAS3107

Place: Kolkata
Date: May 28, 2019

Annexure - C

A. CONSERVATION OF ENERGY

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

1. Scheduled preventive maintenance of machines and equipment for better efficiency.
2. Systematic Study or power consummation certain machines.
3. Improvement of electrical power load factor.
4. 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 – ₹6287.47 Lakhs
Foreign Exchange Earned – ₹8680.59 Lakhs

	Deepak Jalan	**Aloke Jalan**
Place: Kolkata	*Managing Director*	*Whole Time Director*
Date: 28th May, 2019	DIN: 00758600	DIN: 00758762

Annexure - D

Information pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Under Rule 5(1)

Name of the Director / KMP and Designation	Designation	Ratio of remuneration of each Director/ to median remuneration of employees	% increase in Remuneration over Last Year
Shri Deepak Jalan	Managing Director	49:1	(5.99)
Shri Aloke Jalan	Whole Time Director	39.5:1	(6.03)
Shri Naresh Pachisia	Independent, Non- Executive	2.2:1	(6.23)
Shri Kedar Nath Ranasaria*	Independent, Non- Executive	2.1:1	(5.66)
Shri Anil Kochar	Independent, Non-Executive	2.3:1	31.38
Shri Sanjay Agarwal#	Additional Director - Independent, Non-Executive	0.4:1	-
Ms. Supriya Newar	Independent, Non-Executive	1.8:1	-
Shri N. K. Dujari	Chief Financial Officer & Company Secretary	10.9:1	(14.89)

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.

Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

1. The number of permanent employees as on 31st March, 2019 was 797
2. Compared to the previous year 2017-18, the figures for the current year 2018-19 reflects that:
   i) Median remuneration and average remuneration of all employees have increased by 6.25% and 10%
   ii) Average remuneration of employees excluding Key Managerial Personel has increased by 10%
   iii) Remuneration of Key Managerial Personnel has decreased by 7%
3. The remuneration of the Directors, Key Manegerial Personnel and other employees is in accordance with the Remuneration Policy of the Company.

B. Under Rule 5(2)

Name	Designation	Remuneration subject to tax (₹)	Qualification	Age / Experience (Years)	Date of Commencement of Employment	Details of last Employment
Shri Deepak Jalan	Managing Director	82,05,000	B.Com	57 / 33	01.04.1995	-
Shri Aloke Jalan	Whole Time Director	65,64,000	B.Com	50 / 28	01.05.2004	-
Shri Rohit Deepak Jalan	Business Head Premier Division	24,46,824	PGD in Business Economics (Mktg)	30 / 7	01.09.2012	-
Shri G. N. Choudhury	Dy. Manager- Operation	19,53,027	ITI, DPMMT (CIPET),	40 / 22	01.08.2001	K S B Plastomec
Shri Samip Baruah	Vice President - Sales	19,51,903	PHD (Business Admn.)	49/22	01.08.2000	ITC Ltd.
Shri N. K. Dujari	CFO & Company Secretay	17,89,000	B.Com(H), FCA, FCS	52 / 32	01.12.2000	Globsyn Webel Ltd.
Shri Arun Sharma	Zonal Business Manager	17,07,912	M.A.	44/22	02.02.2018	Shyam Dhani Industries Pvt. Ltd.
Shri Deepak Ramgaria	Sr. Manager- Mfg. Operation (Exp.)	13,79,946	B.Com(H)	48 / 19	06.01.2010	-
Shri Debojyoti Chanda	Operation Head-IT	13,77,120	M.Sc.(Math)	49/14	16.02.2018	Atos India Pvt. Ltd.
Shri Nitish Shroff	Manager- Sales Coordination	12,83,213	B. E.	30/2.6	17.07.2017	Turtle Ltd.

Notes:

1. The nature of employment of Managing Director and Whole Time Director is contractual and other terms and conditions are as per Company's rules.
2. Remuneration includes Company's contribution to provident fund, 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.

Place: Kolkata Date: 28th May, 2019	**Deepak Jalan** *Managing Director* DIN: 00758600	**Aloke Jalan** *Whole Time Director* DIN: 00758762

Annexure - E

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

1	CIN	L36991WB1994PLC065583
2	Registration Date	24.10.1994
3	Name of the Company	LINC PEN & PLASTICS LIMITED
4	Category/Sub-Category of the Company	PUBLIC COMPANY LIMITED BY SHARES
5	Whether listed Company (Yes/No)	YES
6	Name, Address and Contact details of Registrar and Transfer Agent, if any	MAHESWARI DATAMATICS PVT. LTD. 23, R. N. MUKHERJEE ROAD, 5TH FLOOR, KOLKATA- 700001 PHONE: (033) 2243 5029 / 2248 2248 FAX: (033) 2248 4787

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of Main Product / Services	NIC Code of the Product	% of total turnover of the Company
	Ball Point Pen	32901	83.01

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary of the Company	% of shares held	Applicable Section
	NIL	NIL	NIL	NIL	NIL

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1. Indian									
a. Individual / HUF	71,74,379	-	71,74,379	48.52%	72,08,466	-	72,08,466	48.75%	0.23%
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	15,93,475	-	15,93,475	10.78%	15,88,475	-	15,88,475	10.74%	(0.03)%
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A(1)	**87,67,854**	**-**	**87,67,854**	**59.30%**	**87,96,941**		**87,96,941**	**59.50%**	**0.20%**
2. Foreign									
a. NRI- Individual	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub-Total-A(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoters A= A(1) +A(2)	**87,67,854**		**87,67,854**	**59.30%**	**87,96,941**		**87,96,941**	**59.50%**	**0.20%**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank / FI	817	-	817	0.01%	20	-	20	-	(0.01)%
c. Central Govt.	-								
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIIs	-		-	-	-		-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j. Others:									
Foreign Portfolio Investors	5,050	-	5,050	0.03%	11,000		11,000	0.07%	0.04%
Sub-Total-B(1)	**5,867**	**-**	**5,867**	**0.04%**	**11,020**	**-**	**11,020**	**0.07%**	**0.03%**
2. Non-Institution									
a. Bodies Corp.									
i) Indian	7,31,329	1,000	7,32,329	4.95%	7,56,309	1,000	7,57,309	5.12%	0.17%
ii) Oversease	20,00,000	-	20,00,000	13.53	20,00,000	-	20,00,000	13.53	-
b. Individuals									
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	10,53,247	149384	12,02,631	8.13%	11,25,463	127799	12,53,262	8.48%	0.34%
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	19,36,567	14,500	19,51,067	13.20%	17,97,565	14500	18,12,065	12.26%	(0.94)%
c. Others (Specify)									
ii. Non Resident Individual	49,959	-	49,959	0.34%	42,791	-	42,791	0.29%	(0.05)%
iii. Clearing Members	42,711	-	42,711	0.29%	84,803	-	84,803	0.57%	0.28%
iv. Trust	-	-	-	-	247	-	247	-	-
v. NBFCs registered with RBI	11,025	-	11,025	0.07%	5,005	-	5,005	0.03%	(0.04)%
Investors Education & Protection Fund Authority	22,517	-	22,517	0.15%	22,517	-	22,517	0.15%	-
Sub-Total-B(2)	**58,47,355**	**1,64,884**	**60,12,239**	**40.66%**	**58,34,700**	**143299**	**59,77,999**	**40.43%**	**(0.23)%**
Total Public Shareholding B= B(1) + B(2)	**58,53,222**	**1,64,884**	**60,18,106**	**40.70%**	**58,45,720**	**143299**	**59,89,019**	**40.50%**	**(0.20)%**
C. Shares held by Custodian for GDRs & ADRs									
	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**1,46,21,076**	**1,64,884**	**1,47,85,960**	**100.00%**	**1,46,42,661**	**1,43,299**	**1,47,85,960**	**100.00%**	**-**

ii Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of SharesPledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of SharesPledged / encumbered to total shares	
1	Deepak Jalan	3,20,955	2.17%	NIL	3,27,455	2.21%	NIL	0.04%
2	Deepak Jalan HUF	5,23,428	3.54%	NIL	5,27,928	3.57%	NIL	0.03%
3	Prakash Jalan	100	-	NIL	100	-	NIL	-
4	Aloke Jalan	7,68,416	5.20%	NIL	7,68,416	5.20%	NIL	-
5	Aloke Jalan HUF	20,800	0.14%	NIL	20,800	0.14%	NIL	-
6	Suraj Mal Jalan	10,30,871	6.97%	NIL	10,30,871	6.97%	NIL	-
7	Suraj Mal Jalan HUF	51,100	0.35%	NIL	51,100	0.35%	NIL	-
8	Shobha Jalan	20,03,730	13.55%	NIL	20,03,730	13.55%	NIL	-
9	Bimla Devi Jalan	1,60,368	1.08%	NIL	1,75,305	1.19%	NIL	0.11%
10	Divya Jalan	6,564	0.04%	NIL	9,214	0.06%	NIL	0.02%
11	Rohit Deepak Jalan	3,59,900	2.43%	NIL	3,59,900	2.43%	NIL	-
12	Aakash Aloke Jalan	22,100	0.15%	NIL	22,100	0.15%	NIL	-
13	Utkarsh Aloke Jalan	12,400	0.08%	NIL	12,400	0.08%	NIL	-
14	Devanshi Jalan	3,66,397	2.48%	NIL	3,67,397	2.48%	NIL	-
15	Sarita Jalan	12,19,750	8.25%	NIL	12,24,250	8.28%	NIL	0.03%
16	Ekta Jalan	3,07,500	2.08%	NIL	3,07,500	2.08%	NIL	-
17	Linc Writing Aids Pvt. Ltd.	15,93,475	10.78%	NIL	15,88,475	10.74%	NIL	(0.04)%
	Total	**87,67,854**	**59.30%**	**NIL**	**87,96,941**	**59.50%**	**NIL**	**0.20%**

iii Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	**Deepak Jalan**				
	At the beginning of the year	3,20,955	2.17%		
	Increase / (Decrease) during the year				
	21/09/18	6,500	0.04%	3,27,455	2.21%
	At the end of the year			3,27,455	2.21%
2	**Deepak Jalan HUF**				
	At the beginning of the year	5,23,428	3.54%		
	Increase / (Decrease) during the year				
	21/09/18	4,500	0.03%	5,27,928	3.57%
	At the end of the year			5,27,928	3.57%
3	**Prakash Jalan**				
	At the beginning of the year	100	-		
	At the end of the year			100	-
4	**Aloke Jalan**				
	At the beginning of the year	7,68,416	5.20%		
	At the end of the year			7,68,416	5.20%
5	**Aloke Jalan HUF**				
	At the beginning of the year	20,800	0.14%		
	At the end of the year			20,800	0.14%
6	**Surajmal Jalan**				
	At the beginning of the year	10,30,871	6.97%		
	At the end of the year			10,30,871	6.97%
7	**Surajmal Jalan HUF**				
	At the beginning of the year	51,100	0.35%		
	At the end of the year			51,100	0.35%
8	**Shobha Jalan**				
	At the beginning of the year	20,03,730	13.55%		
	At the end of the year			20,03,730	13.55%

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
9	**Bimla Devi Jalan**				
	At the beginning of the year	1,60,368	1.08%		
	Increase / (Decrease) during the year				
	11/05/18	1,000	0.01%	1,61,368	1.09%
	18/05/18	500	-	1,61,868	1.09%
	25/05/18	500	-	1,62,368	1.10%
	16/11/18	4,100	0.03%	1,66,468	1.13%
	11/01/19	3,425	0.02%	1,69,893	1.15%
	08/02/19	2,912	0.02%	1,72,805	1.17%
	22/02/19	2,500	0.02%	1,75,305	1.19%
	At the end of the year			1,75,305	1.19%
10	**Divya Jalan**				
	At the beginning of the year	6,564	0.04%		
	Increase / (Decrease) during the year				
	15/06/18	1,300	0.01%	7,864	0.05%
	04/01/19	1,350	0.01%	9,214	0.06%
	At the end of the year			9,214	0.06%
11	**Rohit Deepak Jalan**				
	At the beginning of the year	3,59,900	2.43%		
	At the end of the year			3,59,900	2.43%
12	**Aakash Aloke Jalan**				
	At the beginning of the year	22,100	0.15%		
	At the end of the year			22,100	0.15%
13	**Utkarsh Aloke Jalan**				
	At the beginning of the year	12,400	0.08%		
	At the end of the year			12,400	0.08%
14	**Devanshi Jalan**				
	At the beginning of the year	3,66,397	2.48%		
	Increase / (Decrease) during the year				
	28/09/18	1,000	0.01%	3,67,397	2.48%
	At the end of the year			3,66,397	2.48%
15	**Sarita Jalan**				
	At the beginning of the year	12,19,750	8.25%		
	Increase / (Decrease) during the year				
	15/06/18	1,000	0.01%	12,20,750	8.26%
	28/09/18	3,500	0.02%	12,24,250	8.28%
	At the end of the year			12,24,250	8.28%
16	**Ekta Jalan**				
	At the beginning of the year	3,07,500	2.08%		
	At the end of the year			3,07,500	2.08%
17	**Linc Writing Aids Pvt. Ltd.**				
	At the beginning of the year	15,93,475	10.78%		
	Increase / (Decrease) during the year				
	11/05/18	(1,000)	(0.01)%	15,92,475	10.77%
	18/05/18	(2,838)	(0.02)%	15,89,637	10.75%
	25/05/18	(1,162)	(0.01)%	15,88,475	10.74%
	At the end of the year			15,88,475	10.74%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of Shares	No. of Shares	% of Total Shares of the Company
1	**MITSUBISHI PENCIL CO LTD**			
	At the beginning of the year	20,00,000		13.53%
	At the end of the year		20,00,000	13.53%
2	**AJANTA SALES PRIVATE LIMITED**			
	At the beginning of the year	3,04,823		2.06%
	Increase / (Decrease) during the year			
	17/08/18	(26,469)	2,78,354	1.88%
	31/08/18	(15,000)	2,63,354	1.78%
	09/11/18	(747)	2,62,607	1.78%
	23/11/18	775	2,63,382	1.78%
	At the end of the year		2,63,382	1.78%

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of Shares	No. of Shares	% of Total Shares of the Company
3	**S. SHYAM**			
	At the beginning of the year	2,25,188		1.52%
	Increase / (Decrease) during the year			
	12/10/18	(74,447)	1,50,741	1.02%
	23/11/18	74,447	2,25,188	1.52%
	30/11/18	(8)	2,25,180	1.52%
	22/02/19	(34,609)	1,90,571	1.29%
	01/03/19	(4,138)	1,86,433	1.26%
	08/03/19	(45,595)	1,40,838	0.95%
	15/03/19	(60,391)	80,447	0.54%
	22/03/19	(3,314)	77,133	0.52%
	29/03/19	(2,686)	74,447	0.50%
	At the end of the year		74,447	0.50%
4	**SHREE BALAJI SAREES PVT. LTD.**			
	At the beginning of the year	1,35,173		0.91%
	Increase / (Decrease) during the year			
	18/05/18	5	1,35,178	0.91%
	01/06/18	452	1,35,630	0.92%
	29/06/18	3,000	1,38,630	0.94%
	27/07/18	714	1,39,344	0.94%
	24/08/18	(344)	1,39,000	0.94%
	05/10/18	489	1,39,489	0.94%
	01/03/19	511	1,40,000	0.95%
	At the end of the year		1,40,000	0.95%
5	**NITIN CHUNILAL MEHTA**			
	At the beginning of the year	1,52,000		1.03%
	At the end of the year		1,52,000	1.03%
6	**SAKET TODI**			
	At the beginning of the year	1,48,950		1.01%
	At the end of the year		1,48,950	1.01%
7	**AMIT SHARAFF**			
	At the beginning of the year	2,64,827		1.79%
	Increase / (Decrease) during the year			
	06/04/18	2,000	2,66,827	1.80%
	13/07/18	1,501	2,68,328	1.81%
	27/07/18	634	2,68,962	1.82%
	16/11/18	1,008	2,69,970	1.83%
	07/12/18	785	2,70,755	1.83%
	14/12/18	4,701	2,75,456	1.86%
	28/12/18	1,155	2,76,611	1.87%
	01/03/19	3,066	2,79,677	1.89%
	At the end of the year		2,79,677	1.89%
8	**UDIT TODI**			
	At the beginning of the year	1,21,213		0.82%
	Increase / (Decrease) during the year			
	06/04/18	(4,147)	1,17,066	0.79%
	13/04/18	2,182	1,19,248	0.81%
	20/04/18	4,087	1,23,335	0.83%
	15/06/18	5	1,23,340	0.83%
	At the end of the year		1,23,340	0.83%
9	**SHOBHA DEVI TODI**			
	At the beginning of the year	1,10,338		0.75%
	At the end of the year		1,10,338	0.75%
10	**VIJAYA S**			
	At the beginning of the year	97,306		0.66%
	Increase / (Decrease) during the year			
	04/05/18	(25,000)	72,306	0.49%
	11/05/18	(5,000)	67,306	0.46%
	31/08/18	(7,274)	60,032	0.41%
	07/09/18	(4,055)	55,977	0.38%
	26/10/18	(370)	55,607	0.38%
	02/11/18	(13,082)	42,525	0.29%
	09/11/18	(744)	41,781	0.28%
	16/11/18	(2,544)	39,237	0.27%
	At the end of the year		39,237	0.27%
11	**NITIN TANDON**			
	At the beginning of the year	96,000		0.65%
	At the end of the year		96,000	0.65%

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	Deepak Jalan	3,20,955	2.17%	3,27,455	2.21%
	Aloke Jalan	7,68,416	5.20%	7,68,416	5.20%
	N. K. Dujari	500	-	500	-

V INDEBTNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loan	Deposits	Total Indebtness
Indebtness at thebegining of the financial year				
I) Principal Amount	6,557.92	-	-	6,557.92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued bu not due	-	-	-	-
Total of (i+ii+iii)	**6,557.92**	**-**	**-**	**6,557.92**
Change in Indebtedness during the financial year				
+ Addition	-	-	-	-
- Reduction	535.48			535.48
Net Change	(535.48)	-	-	(535.48)
Indebtness at the end of the financial year				-
I) Principal Amount	6,022.44	-	-	6,022.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued bu not due	-	-	-	-
Total of (i+ii+iii)	**6,022.44**	**-**	**-**	**6,022.44**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Deepak Jalan	Aloke Jalan	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	71.25	57.00	128.25
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option / 3. Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others, please specify: Contribution to Providend Fund, Medical Reimbursement & LTC	10.80	8.64	19.44
	Total (A)	**82.05**	**65.64**	**147.69**
	Ceiling as per the Act	10% of the Net Profit of the Company		

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Naresh Pachisia	Mr. K. N. Ranasaria*	Mr. Anil Kochar	Mr. Sanjay Agarwal#	Ms. Supriya Newar	
Independent Directors						
• Fee for attending board committee meetings	1.61	1.50	1.81	0.40	1.00	6.32
• Commission	2.00	2.00	2.00	0.25	2.00	8.25
• Others, please specify						
Total	**3.61**	**3.50**	**3.81**	**0.65**	**3.00**	**14.57**
Total Managerial Remuneration						
Overall Ceiling as per the Act	1% of the Net Profit of the Company					

* Shri K. N. Ranasaria, Independent, Non- Executive Director has resigned from the Board w.e.f. 25th March, 2019.
# Shri Sanjay Agarwal, Independent, Non- Executive Director was appointed w.e.f. 12th February, 2019.

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. N. K. Dujari CFO & Company Secretary
1	Gross Salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.12
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option / 3. Sweat Equity	-
4	Commission as % of profit	-
5	Others: Contribution to PF, Medical Reimbursement & LTC	1.77
	Total	**17.89**

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: None

Deepak Jalan
Managing Director
DIN: 00758600

Aloke Jalan
Whole Time Director
DIN: 00758762

Date: Kolkata
Place: 28th May, 2019

Annexure - F

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s Linc Pen & Plastics Limited
Satyam Towers, 1st Floor,
3, Alipore Road, Kolkata- 700027

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Linc Pen & Plastics Limited** (hereinafter called the Company) for the financial year ended 31st March, 2019. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the **M/s Linc Pen & Plastics Limited's** books, papers, minute books, forms and returns filed, registers and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other registers and records maintained by **M/s Linc Pen and Plastics Limited** ("the Company") for the financial year ended on **31st March, 2019** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under ;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 .

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, w.e.f. from 10th November, 2018 and its amendment Regulations, 2018, w.e.f. 31-12-2018.;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (not applicable to the Company during the Audit Period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 w.e.f. 11th September, 2018 (Not applicable to the Company during the Audit Period);

(vi) The management has identified and confirmed the following laws as specifically applicable to the Company:

  (i) The Legal Metrology Act, 2009 and Rules made there under;

  (ii) Water (Prevention & Control of Pollution) Act, 1974;

  (iii) The Air (Prevention & Control of Pollution) Act, 1981;

  (iv) The Hazardous Wastes (Management and Handling) Rules,1989 in compliance to the Environment (protection) Act, 1986;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited , BSE Limited and The Calcutta Stock Exchange Ltd. read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except compliance of Regulation -19 of the SEBI (LODR) Regulation, 2015 in one occasion.

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out on majority basis, with dissenting member's views (if any) are captured and recorded in the minutes of the meetings of the Board of Directors or Committees of the Board as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has entered into a scheme of Arrangement and Amalgamation u/s. 230 and 232 of the Companies Act, 2013 with its group Companies M/s. Linc Writing Aids Pvt. Ltd and M/s. Linc Retail Ltd, which is yet to be approved by the shareholders but subject to the assent of the NCLT, SEBI, stock exchanges and other concerned statutory regulatory authorities. As per the Scheme of arrangement, the entire business of M/s. Linc Writing Aids Pvt. Ltd. will be merged with the Company except its retail business which will be transferred to M/s. Linc Retail Ltd. In our opinion this Scheme of arrangement will have no major financial impact on the entire affairs of the Company.

For **D. C. Sahoo & Co.**
Company Secretaries

D. C. Sahoo
Proprietor
M. No.: ACS No: 14008
C P No.: 5508

Place: Kolkata
Date: 28.05.2019

Note: *This report is to be read with the letter of even date issued by the Secretarial Auditor(s) and forms an integral part of this report.*

To,
The Members,
M/s Linc Pen & Plastics Limited
Satyam Towers, 1st Floor,
3, Alipore Road, Kolkata- 700027

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of Laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **D. C. Sahoo & Co.**
Company Secretaries

D. C. Sahoo
Proprietor
M. No.: ACS No: 14008
C P No.: 5508

Place: Kolkata
Date: 28.05.2019

Annexure - G
Annual Report on CSR Activities

1	A brief outline of the Company's CSR Policy, including overview of projects or programmes propose to be undertaken and a reference to the weblinc to the CSR policy and projects or programs	The Company has adopted a CSR Policy in compliance with the Companies Act, 2013, which is placed on the website of the Company - www. lincpen.com. The Company directly contributed in the field of Education, Eradicating Hunger, Nationally Recognised Sports, etc.
2	The composition of the CSR Committee.	Shri Deepak Jalan (Chairman) Shri Aloke Jalan Ms. Supriya Newar
3	Average Net Profit of the company for last 3 financial years	₹2,035 Lakhs
4	Threshold Limit-(2% of this amount as in 3 above)	₹40.71 Lakhs
5	Details of CSR spent during the financial year	
	a. Total amount to be spent for the financial year	₹15.76 Lakhs
	b. Amount unspent, if any	₹24.95 Lakhs
	c. Manner in wchich the amount spent during the financial year is detailed below:	

1	2	3	4	5	6	7	8
Sl	**CSR project/ activity identified**	**Sector in which the project is covered**	**Projects/Programmes 1.Local area/ others-2.specify the state / district (Name of the District/s, State/s where project/ programme was undertaken**	**Amount outlay (budget) project / programme wise (₹ In Lakhs)**	**Amount spent on the project / programme Subheads: 1. Direct expenditure on project, 2. Overheads: (₹ In Lakhs)**	**Cumulative spend upto to the reporting period. (₹ In Lakhs)**	**Amount spent: (Directly to)**
1	Promoting Education, Eradicating Hunger, Nationally Recognised Sports	Education	Kolkata, West Bengal	5.00	5.00	5.00	Good News Children Education Mission
		Education	Madurai, Tamil Nadu	2.59	2.59	2.59	Relief Projects India
		Education	Bihar	2.05	2.05	2.05	Project Potential Trust
		Education	Tribal / Rural areas all over the Country	2.00	2.00	2.00	Friends of Tribals Society
		Education	Kolkata, West Bengal	1.25	1.25	1.25	Parivaar Education Society
		Eradicating Hunger	Kolkata, West Bengal	1.25	1.25	1.25	Ann Bandhu
		Education	Kolkata, West Bengal	0.90	0.90	0.90	Primary School, Umbergaon
		Nationally Recognised Sports	Kolkata, West Bengal	0.72	0.72	0.72	Japan Karate Association of India

Note : Administrative Overhead expenses is Nil

6. The spending was less as the Company wanted to utilize the funds in justifiable, sustainable and measurable activities. The shortfall in the spend during the year under review is intended to be utilized in future on projects within the Company's CSR Policy.

   Further as a responsible corporate citizen, the Company had been involved in CSR activities since its inception. Some of these activities will not fall under 2% CSR spend as per Schedule VII read with Section 135 of the Companies Act, 2013. But the Company decided to continue with them, since those activities are integral to the business of the Company.

7. The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company

	Aloke Jalan	**Deepak Jalan**
Place: Kolkata	*Whole Time Director*	*Chairman- CSR Committee*
Date: 28th May, 2019	DIN: 00758762	DIN: 00758600

INDEPENDENT AUDITOR'S REPORT

To the Members of
Linc Pen & Plastics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Linc Pen & Plastics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 47 of the accompanying financial statements in respect of Scheme of Arrangement and Amalgamation amongst, the company , Linc Writing Aids Pvt. Ltd. and Linc Retail Ltd. with effect from appointed date 1st April 2018 subject to necessary approvals, as more fully described therein . Pending such approvals, no adjustment has been made in these financial statements. Our opinion is not modified in respect of the same.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue from sale of goods (as described in Note 23 to the Ind AS financial statements)</td></tr>
<tr><td>The Company recognizes revenues when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. In determining the sales price, the Company considers the effects of rebates and discounts (variable consideration). At March 31, 2019, the Company's Statement of Profit and Loss included Sales of ₹36,693.64 Lakhs. The terms of sales arrangements, including the timing of transfer of control, the nature of discount and rebates arrangements and delivery specifications, create complexity and judgment in determining sales revenues.

The risk is, therefore, that revenue is not recognized in accordance with Ind AS 115 'Revenue from contracts with customers', and accordingly, it was determined to be a key audit matter in our audit of the financial statements</td><td>Our audit procedures included the following:
➢ Considered the appropriateness of Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from contracts with customers';
➢ Assessed the design and tested the operating effectiveness of internal controls related to sales and related rebates and discounts;
➢ Assessed the underlying assumptions used for determination of rebates, discounts, etc.
➢ Ensured the completeness of liabilities recognized by evaluating the parameters for schemes.
➢ Performed sample tests of individual sales transaction and traced to sales invoices, sales orders and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales agreements;
➢ Selected sample of sales transactions made pre- and post-year end, agreed the period of revenue recognition to underlying documents; and,
➢ Tested credit notes issued to customers and payments made to them during the year and subsequent to the year-end along with the terms of the related scheme.
➢ Assessed the relevant disclosures made within the financial statements.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Valuation & Existence of Inventories (as described in Note 7 to the Ind AS financial statements)	
The company held inventories amounting to ₹7020.32 Lakhs as at the Balance Sheet date, which represent 30.14% of total assets. As described in the accounting policies in note 3.1 to the financial statements, inventories are carried at the lower of cost and net realizable value. Inventories valuation and existence is a significant audit risk as inventories may be held for long periods of time before being sold making it vulnerable to obsolescence. As a result, the management applies judgment in determining the appropriate provisions for obsolete stock based upon a detailed analysis of old inventory, net realizable value below cost based upon future plans for sale of inventory.	Our audit procedures included the following: ➢ Obtained a detailed understanding and evaluated the design and implementation of controls that the company has established in relation to inventory valuation and existence. ➢ Observed the physical verification of inventories count at the financial year end and assessed the adequacy of controls over the existence of inventories. ➢ Comparing the net realizable value to the cost price of inventories to check for completeness of the associated provision. ➢ Recomputing provisions recorded to verify that they are in line with the Company policy.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   According to the information and explanations given by the management, the managerial remuneration, which has been paid during the year over and above approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013, aggregating ₹33.75 Lakhs as has been shown as recoverable from the Managing Director and Whole time Director as on the Balance Sheet date.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 32b to the Financial Statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Aditya Singhi)
Partner
Membership No. 305161

Place: Kolkata
Date : 28thMay, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Linc Pen & Plastics Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of LINC PEN & PLASTICS LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Aditya Singhi)
Partner
Membership No. 305161

Place: Kolkata
Date : 28thMay, 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2019, we report that:

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

(b) Fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying all of them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to information and explanations given by the management, the title deeds of immovable properties included in Property, Plant & Equipment are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The provisions regarding maintenance of the cost records under Section 148(1) of the Act are not applicable to the company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, service tax, goods and service tax, excise duty, value added tax & cess on account of any dispute, are as follows :-

Sl. No.	Name of the Statute	Nature of dues	Period to which pertain	Amount (₹ in Lakhs)	Forum where the dispute is pending
1.	West Bengal Entry Tax Act	Entry Tax	F.Y. 2012-13 to 16-17	117.56	High Court
		Total		**117.56**	

(viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loans or borrowings from financial institutions and Government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given by the management, term loans were applied for the purpose for which the loans were obtained. The Company has not raised any money by way of initial public offer / further public offer / debt instruments during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company is in the process of recovering the managerial remuneration which has been paid over and above approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013, aggregating ₹33.75 Lakhs as at March 31, 2019 and has been shown as recoverable from the Managing Director and Whole time Director as on the Balance Sheet date.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Aditya Singhi)
Partner
Membership No. 305161

Place: Kolkata
Date : 28thMay, 2019

BALANCE SHEET

as at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
1. Non-Current Assets			
a) Property, plant and equipment	2	7,449.28	6,683.14
b) Capital Work - in - progress		50.72	22.96
c) Intangible Assets	3	19.02	0.03
d) Financial Assets - i) Loans	4	96.58	107.25
ii) Others		0.64	0.61
e) Income Tax Assets (Net)	5	87.90	251.40
f) Other Non - Current Assets	6	1,471.10	1,625.08
Total Non-Current Assets		**9,175.24**	**8,690.47**
2. Current Assets			
a) Inventories	7	7,020.32	7,888.10
b) Financial Assets			
i) Trade Receivables	8	4,332.85	4,586.03
ii) Cash & Cash Equivalents	9	9.43	11.28
iii) Bank Balances other than (ii) above	10	13.16	14.75
iv) Security Deposits	11	2.04	2.38
c) Other Current Assets	12	2,739.51	2,512.41
Total Current Assets		**14,117.31**	**15,014.95**
Total Assets		**23,292.55**	**23,705.42**
EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	13	1,478.60	1,478.60
b) Other Equity	14	10,858.26	10,598.04
Total Equity		**12,336.86**	**12,076.64**
Liabilities			
1. Non-Current Liabilities			
a) Financial Liabilities			
i) Borrowings	15	1,967.41	1,350.00
b) Provisions	16	128.06	97.08
c) Deferred Tax Liabilities (Net)	17	724.29	592.84
Total Non-Current Liabilities		**2,819.76**	**2,039.92**
2. Current Liabilities			
a) Financial Liabilities			
i) Borrowings	18	3,812.73	4,847.92
ii) Trade Payables	19		
Total outstanding dues of micro enterprises and small enterprises		157.94	46.87
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,438.24	2,753.09
iii) Others	20	1,204.33	1,453.71
b) Other Current Liabilities	21	514.80	484.12
c) Provisions	22	7.89	3.15
Total Current Liabilities		**8,135.93**	**9,588.86**
Total Liabilities		**10,955.69**	**11,628.78**
TOTAL EQUITY AND LIABILITIES		**23,292.55**	**23,705.42**
Significant Accounting Policies and Key Estimates and Judgements	1		

The accompanying notes 1 to 48 are an integral part of the Financial Statements.
As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
F.R No. 302049E

(Aditya Singhi)
Partner
Membership No. 305161

Place of Signature: Kolkata
Dated: 28th May, 2019

For and on behalf of the Board

Deepak Jalan
Managing Director
DIN:00758600

Aloke Jalan
Whole Time Director
DIN:00758762

N. K. Dujari
Chief Financial Officer
& Company Secretary
FCA 54444/FCS 8745

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Income			
I. Revenue from operations	23	36,693.64	33,189.15
II. Other income	24	222.66	116.28
III. Total revenue (I + II)		**36,916.30**	**33,305.43**
IV. Expenses			
Cost of materials consumed	25	13,343.69	9,812.49
Purchases of Stock-in-Trade	26	12,012.63	12,549.50
Change in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	27	0.83	(270.06)
Employee benefits expense	28	2,782.07	2,546.07
Finance costs	29	610.71	485.24
Depreciation and amortization expense		1,044.38	960.29
Other expenses	30	5,984.55	5,974.11
Total expenses		**35,778.86**	**32,057.64**
V. Profit before exceptional items and tax (III - IV)		1,137.44	1,247.79
VI. Exceptional items		-	-
VII. Profit before tax (V - VI)		**1,137.44**	**1,247.79**
VIII. Tax expense:	37		
Current tax		246.00	267.00
Income tax for earlier years		206.24	-
Deferred tax		140.19	196.68
Total Tax expenses:		**592.43**	**463.68**
IX. Profit for the year (VII-VIII)		**545.01**	**784.11**
Other Comprehensive Income not to be reclassified to profit and loss in subsequent periods:			
Re-Measurement gains/(losses) on defined benefit plans		(26.14)	(3.22)
Income Tax Effect		8.73	1.11
Total Other Comprehensive Income of the year		**(17.41)**	**(2.11)**
Total Comprehensive Income of the year		**527.60**	**782.00**
X. Earnings per equity share - Basic and diluted (₹)	42	3.69	5.30
(Face value ₹10/- per equity share)			
Significant Accounting Policies and Key Estimates and Judgements	1		

The accompanying notes 1 to 48 are an integral part of the Financial Statements.
As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
F.R No. 302049E

For and on behalf of the Board

(Aditya Singhi)
Partner
Membership No. 305161

Deepak Jalan
Managing Director
DIN:00758600

Aloke Jalan
Whole Time Director
DIN:00758762

N. K. Dujari
Chief Financial Officer
& Company Secretary
FCA 54444/FCS 8745

Place of Signature: Kolkata
Dated: 28th May, 2019

CASH FLOW STATEMENT

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
A. Cash flow from operating activities :				
Net profit before tax as per Statement of Profit and Loss		1,137.44		1,247.79
Adjustments for:				
Depreciation and amortization expense	1,044.38		960.29	
Profit on sale of Property, Plant and Equipment	(16.95)		(102.20)	
Interest Income	(2.68)		(1.49)	
Unrealised loss/(gain) on foreign exchange fluctuation (Net)	(239.48)		(125.90)	
Finance cost	610.71	1,395.98	485.24	1,215.94
Operating profit before working capital changes		2,533.42		2,463.73
(Increase) / Decrease in Trade Receivables	429.85		(582.93)	
(Increase) / Decrease in Inventories	867.78		(35.02)	
(Increase) / Decrease in Other Non Current Assets	12.08		5.51	
(Increase) / Decrease in Other Current Assets	(227.10)		(1,232.62)	
Increase / (Decrease) in Long Term Provisions	4.84		(90.99)	
Increase / (Decrease) in Trade Payables	(140.87)		977.25	
Increase / (Decrease) in Other Current Liabilities	(99.43)		49.87	
Increase / (Decrease) in Short Term Provisions	4.74	851.89	(3.97)	(912.90)
Cash generated from operations		3,385.31		1,550.83
Less: Direct taxes paid		288.86		233.75
Net Cash Generated From Operating Activities		**3,096.45**		**1,317.08**
B. Cash flow from investing activities :				
Addition to Property, Plant and Equipment (Including Intangibles)	(1,723.71)		(1,924.72)	
Sale of Property, Plant and Equipment	36.40		150.80	
Interest Received	2.68	(1,684.63)	1.62	(1,772.30)
Net Cash Used in Investing Activities		**(1,684.63)**		**(1,772.30)**
C. Cash flow from financing activities :				
Proceeds of Long term borrowings	499.71		366.40	
Proceeds /(Repayment) of Short term borrowings (Net)	(1,035.29)		1,111.26	
Interest Paid	(607.64)		(482.14)	
Other borrowing cost	(3.07)		(3.10)	
Dividend Paid	(221.79)		(443.58)	
Dividend Tax Paid	(45.59)	(1,413.67)	(90.30)	458.54
Net Cash Used in Financing Activities		**(1,413.67)**		**458.54**

CASH FLOW STATEMENT

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Net increase in cash and cash equivalents (A+B+C)	(1.85)	3.32
Cash and cash equivalents - Opening balance	11.28	7.96
	9.43	**11.28**
Cash and cash equivalents - Closing balance (Refer note no. 9)	**9.43**	**11.28**

Notes :

1) The above cash flow statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 on 'Statement of Cash Flow'.

2) Figures in bracket represent cash outflow from respective activities.

3) Additions to Property, Plant and Equipment includes movement of Capital Work-in-Progress and Capital advances during the year.

4) Cash and cash equivalent at the end of the year consist of :

Particulars	As at 31st March, 2019	As at 31st March, 2018
a) Cash in hand	7.91	9.56
b) Balances with Scheduled Banks in Current Accounts	1.52	1.72
	9.43	**11.28**

5) Cash and cash equivalent do not include any amount which is not available to the company for its use.

6) Change in Liability arising from financing activities

Particulars	As at 1st April, 2018	Cash Flow	Foreign Exchange Movement	As at 31st March, 2019
a) Long Term Borrowings (Note 15)	1,710.00	499.71	-	2,209.71
b) Short Term Borrowings (Note 18)	4,847.92	(1,035.29)	0.10	3,812.73

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

For Singhi & Co.
Chartered Accountants
F.R No. 302049E

For and on behalf of the Board

(Aditya Singhi)
Partner
Membership No. 305161
Place of Signature: Kolkata
Dated: 28th May, 2019

Deepak Jalan
Managing Director
DIN:00758600

Aloke Jalan
Whole Time Director
DIN:00758762

N. K. Dujari
Chief Financial Officer
& Company Secretary
FCA 54444/FCS 8745

STATEMENT OF CHANGES IN EQUITY

as at and for the year ended 31st March, 2019

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balances at the beginning of the year	1,47,85,960	1,478.60	1,47,85,960	1,478.60
Allotment of equity share capital during the year	-	-	-	-
Balance at the end of the year	**1,47,85,960**	**1,478.60**	**1,47,85,960**	**1,478.60**

(₹ in Lakhs)

Particulars	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance As on 1st April, 2017	2,096.94	7,256.59	996.39	10,349.92
Profit for the year			784.11	784.11
Other Comprehensive Income for the year, net of tax:				
Remeasurement gain/(loss) on Defined Benefit Plans			(2.11)	(2.11)
Total Comprehensive Income for the year			782.00	782.00
Transfer to General Reserves from Retained Earnings		500.00	(500.00)	-
Payment of Dividend and Tax thereon			(533.88)	(533.88)
Balance As at 31st March, 2018	**2,096.94**	**7,756.59**	**744.51**	**10,598.04**
Balance As on 1st April, 2018	2,096.94	7,756.59	744.51	10,598.04
Profit for the year			545.01	545.01
Other Comprehensive Income for the year, net of tax:				
Remeasurement gain/(loss) on Defined Benefit Plans			(17.41)	(17.41)
Total Comprehensive Income for the year			527.60	527.60
Transfer to General Reserves from Retained Earnings		500.00	(500.00)	-
Payment of Dividend and Tax thereon			(267.38)	(267.38)
Balance As at 31st March, 2019	**2,096.94**	**8,256.59**	**504.73**	**10,858.26**

The accompanying notes 1 to 48 are an integral part of the Financial Statements.

As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
F.R No. 302049E

For and on behalf of the Board

(Aditya Singhi)
Partner
Membership No. 305161

Place of Signature: Kolkata
Dated: 28th May, 2019

Deepak Jalan
Managing Director
DIN:00758600

Aloke Jalan
Whole Time Director
DIN:00758762

N. K. Dujari
Chief Financial Officer
& Company Secretary
FCA 54444/FCS 8745

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. 1. Significant Accounting Policies and Key Estimates and Judgements

1.1 Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act.

The Company has consistently applied the accounting policies to all periods presented in these Standalone financial statements except in case of new accounting standard or amendment to accounting standard.

The company has applied the following Accounting standard and its amendment for the first time for annual reporting period commencing April 1, 2018:

i. Ind AS 115 Revenue from Contract with customer

ii. Amendment to Ind AS 20 Accounting for Government Grant and disclosure of Government assistance.

iii. Appendix p, Foreign Currency Transaction and advance considerations to Ind AS 21, The effect of changes in Foreign Exchange rates.

iv. Amendment to Ind AS 12, Income Tax

v. Amendment to Ind AS 40, Investment Property

vi. Amendment to Ind AS 28, Investment in Associates and Joint Venture and Ind AS 112, Disclosure of Interest in other entities.

The above new Accounting Standard and other amendments listed above did not have any material impact on the financial results.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 28th May 2019.

Details of the Company's accounting policies are included in Note 1.4

1.2 Functional and Presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

1.3 Basis of Measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

	Items	Measurement basis
(i)	Certain financial assets and financial liabilities	Fair value
(ii)	Employee's defined benefit plan	As per actuarial valuation
(iii)	Assets held for sale	Lower of its carrying amount and fair value costs to sale

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

1.4 Summary of Significant Accounting Policies

a. Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in Company's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in Company's normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Revenue Recognition

Ind AS 115 "Revenue from Contracts with Customers" which is effective from 1st April, 2018 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1st April, 2018. However, the application of Ind AS 115 does not have any significant impact on the recognition and measurement of revenue and related items.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received / receivable taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The revenue is measured on the basis of the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions. As the period between the date on which the Company transfers the promised goods to the customer and the date on which the customer pays for these goods is generally one year or less, no financing components are taken into account.

Interest Income

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

Insurance Claims

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

c. **Taxes**

Tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current tax & deferred tax.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities using tax rates and tax laws that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (MAT Credit Entitlement) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

d. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost/deemed cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost of an asset includes the purchase cost of materials, including import duties and non-refundable taxes, and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalized till the start of commercial production. Administrative, general overheads and other indirect expenditure incurred during the project period which are not related to the project nor are incidental thereto, are charged to Statement of Profit and Loss.

Depreciation is provided under the straight line method at the rates determined based on useful lives of the respective assets and residual values which is in line with those indicated in Schedule II of The Companies Act, 2013. The estimated useful life of the Property Plant and Equipment is given below:-

Factory Building -	30
Non-factory Building -	60
Plant & Equipment -	8-15
Electrical Installation -	10
Furniture & Fixtures -	10
Office Equipment and Vehicle -	5-8
Computers -	3

The cost and related accumulated depreciation are eliminated from the Financial Statements upon derecognition of the asset and the resultant gains or losses are recognized in the Statement of Profit & Loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the end of each financial year end.

e. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss, if any. The Company has intangible assets with finite useful lives.

Intangible assets (Computer Software and Trade mark) are amortised on a Straight Line Basis over a period of five years and three years respectively.

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

f. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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 .Additionally, in case of Finished goods and work in progress a proportion of manufacturing overheads based on the normal operating capacity is also added. The cost of Inventories is computed on weighted average basis except for Raw Materials and Components which is computed on Moving Weighted average basis.

ii) Scrap are valued at Net Realisable Value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or class of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

i. Employee Benefits

i) Short-term employee benefits

Short-term employee benefits in respect of salaries and wages, including non-monetary benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

ii) Defined Benefit plans

The Company operates a defined benefit gratuity plan in India, comprising of Gratuity fund with Life Insurance Corporation of India. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of the year in accordance with the provision of Ind AS 19 – Employee Benefits. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in the Statement of Profit & Loss.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of the year in accordance with the provision of Ind AS 19 - Employee Benefits. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in Statement of Profit & Loss.

j. Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

(iii) Lease payments

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k. Foreign Currency Translation

i) Functional and presentation currency

The items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the function currency").

The financial statements are presented in Indian Rupee (INR), which is the Company's functional as well as presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in reporting currency by the Company at spot rate prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities related to foreign currency transactions remaining outstanding at the balance sheet date are translated at the functional currency spot rate of exchange prevailing at the balance sheet date. Any income or expense arising on account of foreign exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Non-monetary items which are carried at historical cost denominated in a foreign currency are translated using the exchange rate at the date of the initial transaction.

l. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Initial Recognition and Measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii) Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

iii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

n. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/loss 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 flows. The cash flows from operating, investing and financing activities of the Company are segregated.

o. Dividend to Equity Holders

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

p. Earning Per Share

Earning per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation(legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that an outflow of resources embodying economic benefits will not be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

1.5 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

a) **Defined Benefit Plans**
The cost of the employment benefits such as gratuity, leave and provident fund obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

b) **Estimated useful life of Property, plant and equipment**
PPE represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual value of the asset are determined by the management when the asset is acquired and reviewed periodically including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives, such as change in technology.

c) **Claims, Provisions and Contingent Liabilities:**
The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.

d) **Significant judgments when applying Ind AS 115** - Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

1.6 New Standard/Amendment to existing Standard issued but not effective

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

a. **Ind AS 116: Leases** -Ind AS 116 will supersede the existing Ind AS 17. The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both the lessee and lessor. The new standard requires entities to make more judgments and estimates (e.g., determining when a customer has the right to direct the use of an identified asset, estimating the incremental rate of borrowing) and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information).

   Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Ind AS 17 required classifying leases as finance lease and operating lease, the same in not required under Ind AS 116. Under Ind AS 116, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.

   On initial application the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset, and b) interest accrued on lease liability.

   Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

   Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116 without adjusting the Comparatives.

   The Company is currently evaluating the impact of this standard on its financial statements. However, it is not likely to have a significant impact on its financial statements.

b. **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**: Ministry of Corporate Affairs has notified Ind AS 12 Appendix 'C' Uncertainty over Income Tax Treatments on March 30, 2019. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or Company of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

   The Company has decided to adjust the cumulative effect in equity on the date of initial application without adjusting comparatives.

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

c. **Amendment to Ind AS 12 – Income taxes:** Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes accordingly an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

   There is no impact of this amendment on the financial statements.

d. **Amendment to Ind AS 19 –** plan amendment, curtailment or settlement- Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', On March 30, 2019, in connection with accounting for plan amendments, curtailments and settlements.

   The Company does not have any impact on account of this amendment.

e. **Ind AS 23 – Borrowing Costs -** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any significant impact from this amendment.

f. **Ind AS 28 – Long-term Interests in Associates and Joint Ventures** : The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

g. **Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements** :The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. This amendment is currently not applicable to the Company.

h. **Ind AS 109 – Prepayment Features with Negative Compensation** : The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Company does not expect this amendment to have any impact on its financial statements.

Note No. 2 Property, Plant and Equipment

(₹ in Lakhs)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	1st April, 2018	Additions / adjustments	Deductions	31st March, 2019	1st April, 2018	For the year	Deductions	31st March, 2019	31st March, 2019	31st March, 2018
Freehold Land	131.80	-	-	131.80	-	-	-	-	131.80	131.80
Buildings	1,391.13	526.84		1,917.97	48.42	55.34	-	103.76	1,814.21	1,342.71
Plant and Equipment	2,931.41	552.58	5.69	3,478.30	665.05	412.68	0.17	1,077.56	2,400.74	2,266.36
Furniture and Fixtures	302.13	31.42		333.55	77.84	42.78	-	120.62	212.93	224.29
Vehicles	215.69	82.64	15.41	282.92	54.74	32.46	2.06	85.14	197.78	160.95
Office Equipment	68.63	5.85		74.48	28.55	11.97	-	40.52	33.96	40.08
Other Equipment	3,152.00	613.54		3,765.54	807.58	462.67	-	1,270.25	2,495.29	2,344.42
Electrical Installation & Equipment	195.36	12.29	0.44	207.21	39.52	20.22	0.04	59.70	147.51	155.84
Computers & Data Processing Units	28.26	4.00	0.18	32.08	11.57	5.45	-	17.02	15.06	16.69
TOTAL	**8,416.41**	**1,829.16**	**21.72**	**10,223.85**	**1,733.27**	**1,043.57**	**2.27**	**2,774.57**	**7,449.28**	**6,683.14**

Note No. 2 Property, Plant and Equipment

(₹ in Lakhs)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	1st April, 2017	Additions / adjustments	Deductions	31st March, 2018	1st April, 2017	For the year	Deductions	31st March, 2018	31st March, 2018	31st March, 2017
Freehold Land	131.80	-	-	131.80	-	-	-	-	131.80	131.80
Buildings	360.77	1,030.71	0.35	1,391.13	12.55	35.87	-	48.42	1,342.71	348.22
Plant and Equipment	1,672.22	1,265.39	6.20	2,931.41	288.11	377.41	0.47	665.05	2,266.36	1,384.11
Furniture and Fixtures	203.23	106.80	7.90	302.13	37.25	41.99	1.40	77.84	224.29	165.98
Vehicles	182.44	49.68	16.43	215.69	26.79	30.22	2.27	54.74	160.95	155.65
Office Equipment	46.74	23.45	1.56	68.63	13.66	15.08	0.19	28.55	40.08	33.09
Other Equipment	2,762.83	408.19	19.02	3,152.00	379.44	430.67	2.53	807.58	2,344.42	2,383.39
Electrical Installation & Equipment	99.18	100.23	4.05	195.36	17.67	22.04	0.19	39.52	155.84	81.51
Computers & Data Processing Units	20.96	7.58	0.28	28.26	5.37	6.36	0.16	11.57	16.69	15.59
TOTAL	**5,480.17**	**2,992.03**	**55.79**	**8,416.41**	**780.84**	**959.64**	**7.21**	**1,733.27**	**6,683.14**	**4,699.34**

Notes:

Property, Plant and Equipment given as security for borrowings (Refer Note No 15 and 18)

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. 3 Intangible Assets

(₹ in Lakhs)

Particulars	GROSS CARRYING VALUE				AMORTISATION				NET CARRYING VALUE	
	1st April, 2018	Additions / adjustments	Deductions	31st March, 2019	1st April, 2018	For the year	Deductions	31st March, 2019	31st March, 2019	31st March, 2018
Computer Software	2.59	-	-	2.59	2.56	0.03	-	2.59	-	0.03
Trade Mark	-	19.83	-	19.83	-	0.81	-	0.81	19.02	-
TOTAL	**2.59**	**19.83**	**-**	**22.42**	**2.56**	**0.84**	**-**	**3.40**	**19.02**	**0.03**

Particulars	GROSS CARRYING VALUE				AMORTISATION				NET CARRYING VALUE	
	1st April, 2017	Additions / adjustments	Deductions	31st March, 2018	1st April, 2017	For the year	Deductions	31st March, 2018	31st March, 2018	31st March, 2017
Computer Software	2.59	-	-	2.59	1.91	0.65	-	2.56	0.03	0.68
TOTAL	**2.59**	**-**	**-**	**2.59**	**1.91**	**0.65**	**-**	**2.56**	**0.03**	**0.68**

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 4 Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Financial Assets-Loans		
(Unsecured, considered good)		
Security Deposits	**96.58**	**107.25**
Financial Assets-Others		
(Unsecured, considered good)		
Fixed deposits with statutory authorities	0.57	0.57
(Non current portion with original maturity period of more than 12 months)		
Interest accrued but not due on fixed deposits	0.07	0.04
	0.64	**0.61**

Note No. : 5 Income Tax Assets(Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
- Advance income tax	2,221.90		2,139.40	
Less: Provision for taxation	2,134.00	87.90	1,888.00	251.40
		87.90		**251.40**

Note No. : 6 Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good)		
Capital advances	1,470.58	1,623.61
Other advances		
- Prepaid expenses	0.52	1.47
	1,471.10	**1,625.08**

Note No. : 7 Inventories*

(₹ in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
(At lower of cost and net realisable value)				
Raw materials		3034.69		3,901.64
Work-in-progress		123.22		67.06
Finished goods	1456.13		1,437.06	
Add: Goods in transit	56.36	1512.49	130.68	1,567.74
Stock-in-trade		2349.92		2,351.66
* includes material lying with other parties		**7,020.32**		**7,888.10**

Inventories are hypothecated/pledged against borrowings (refer note 18)

Note No. : 8 Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade Receivables considered Goods - Secured	-	-
Trade Receivables considered Goods - Unsecured	4,332.85	4,586.03
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - Credit Impaired	-	-
	4,332.85	**4,586.03**

Trade Receivables are hypothecated against borrowings (refer note 18)

Note No. : 9 Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balance with banks		
In current accounts	1.52	1.72
Cash on hand	7.91	9.56
	9.43	**11.28**

Note No. : 10 Other bank balances

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Earmarked balances		
- Unpaid dividend accounts	13.16	14.75
	13.16	**14.75**

Note No. : 11 Security Deposits

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good		
Security Deposits	2.04	2.38
	2.04	**2.38**

Note No. : 12 Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
(Unsecured, considered good)		
- Advances to suppliers and others	292.31	407.94
- Prepaid expenses	20.60	13.67
Claims receivable	511.36	519.55
Taxes and duties refundable	5.14	9.42
Export Benefit Receivable	304.13	294.32
Balance with government authorities	1,605.97	1,267.51
	2,739.51	**2,512.41**

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 13 Share capital

(₹ in Lakhs)

	No. of shares	(₹ in Lakhs)	No. of shares	(₹ in Lakhs)
Authorised				
Equity shares of ₹10/- each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each	1,47,85,960	1,478.60	1,47,85,960	1,478.60
		1,478.60		**1,478.60**

a. Reconciliation of number and amount of equity shares outstanding:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	(₹ in Lakhs)	No. of shares	(₹ in Lakhs)
At the beginning of the year	1,47,85,960	1,478.60	1,47,85,960	1,478.60
Add: Shares Issued for cash		-		-
At the end of the year	**1,47,85,960**	**1,478.60**	**1,47,85,960**	**1,478.60**

b 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. 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.

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

Name of the Shareholders	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	(₹ in Lakhs)	No. of shares	(₹ in Lakhs)
Mrs. Shobha Jalan	20,03,730	13.55	20,03,730	13.55
M/s. Mitsubishi Pencil Co. Ltd.	20,00,000	13.53	20,00,000	13.53
Mrs. Sarita Jalan	12,24,250	8.28	12,19,750	8.25
M/s. Linc Writing Aids Pvt. Ltd.	15,88,475	10.74	15,93,475	10.78
Mr. Suraj Mal Jalan	10,30,871	6.97	10,30,871	6.97
Mr. Aloke Jalan	7,68,416	5.20	7,68,416	5.20

After the Reporting date, the Board of Directors has proposed a dividend of ₹1.50/- per equity share(31st March, 2018 ₹1.50/- per equity share). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and if approved it will lead to cash outflow amounting to ₹267.38 Lakhs including corporate dividend tax of ₹45.59 Lakhs.

Note No. : 14 Other Equity

(₹ in Lakhs)

Particulars	As at 31st March, 2019		As at 31st March, 2018	
Securities premium account				
Balance as per last account		**2,096.94**		**2,096.94**
General Reserve				
Balance as per last account	7,756.59		7,256.59	
Add: Transfer from Retained Earnings	500.00	**8,256.59**	500.00	**7,756.59**
Retained Earnings				
Balance as per last statement	744.51		996.39	
Add: Net profit for the year	545.01		784.11	
Add: Other Comprehensive Income for the Year	(17.41)		(2.11)	
Less: Dividend	221.79		443.58	
Less: Tax on Dividend	45.59		90.30	
Less: Transfer to General Reserve	500.00		500.00	
Closing balance		**504.73**		**744.51**
		10,858.26		**10,598.04**

Description of nature and purpose of each reserve :-

a. **Securities Premium**

Securities Premium represents the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

b. **General Reserve**

General Reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General Reserve is created by a transfer from one component of equity to another and is not an item of other Comprehensive income.

Note No. : 15 Long-term borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Term loan (Secured)		
- From banks	2,172.00	1,710.00
Vehicle loan (Secured)		
- From bank	37.71	-
	2,209.71	**1,710.00**
Less: Current maturities of Long Term Loans disclosed under the head other current financial liabilities	242.30	360.00
	1,967.41	**1,350.00**

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 15 Long-term borrowings (contd.)

a. **Nature of securities :**

i) Term Loan of ₹1,170/- Lakhs (Previous Year ₹1,710/- Lakhs) from HDFC Bank is secured against exclusive charge on the fixed assets (moveable & immovable) of the plant located in Umbergaon, Gujarat, second charge on current assets of the Company and personal guarantee of some of the directors of the Company.

ii) Term Loan of ₹1,002/- Lakhs (Previous Year: Nil) from Yes Bank is secured against first charge on all the moveable fixed assets of the Falta and Serakole unit located in Kolkata, West Bengal, second charge on all the current assets of the Company and personal guarantee of some of the directors of the Company.

b. **Terms of Repayment of Loans:**

i) Term Loan from HDFC Bank Repayable in 20 quarterly instalments of ₹90.00 Lakhs as per terms of the agreement. The last installment is due in the month of October, 2022.

ii) Term Loan from Yes Bank Repayable in 20 quarterly instalments of ₹50.10 Lakhs as per terms of the agreement. The last installment is due in the month of November, 2024.

iii) Vehicle Loan from ICICI Bank Repayable in 36 equated monthly instalments of ₹1.27 Lakhs as per terms of the agreement. The last installment is due in the month of January, 2022.

c. **Interest**

i) For HDFC Bank:1.00% over base rate which presently is 9.85% p.a at monthly rests.

ii) For Yes Bank: 1.05 % over base rate which presently is 10.70% p.a at monthly rests.

Note No. : 16 Provisions- Non Current

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits		
Leave Encashment	77.88	67.92
Gratuity	50.18	29.16
	128.06	**97.08**

Note No. : 17 Deferred tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred tax liabilities :		
Depreciation	773.05	699.19
Less : Deferred tax asset :		
Expenses allowable for tax purpose when paid	48.76	33.45
Mat Credit Entitlement	-	72.90
Deferred tax liabilities (Net)	**724.29**	**592.84**

Note No. : 17 Deferred tax liabilities (Net) (contd.)

- Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.
- For Movement in Deferred Tax (Assets) /Liabilities: (Refer Note no. 38)

Note No. : 18 Short-term borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Loan Repayable On Demand		
- From banks (Secured)	3,812.73	4,847.92
	3,812.73	**4,847.92**

Loan from Banks are secured by first charge on current assets and second charge on moveable fixed assets of the Company and also guaranteed by Managing Director and Whole Time Director. Loan repayable on demand carries interest@ 9.25% to 10.05% (31st March, 2018 9.00 % to 9.40%)

Note No. : 19 Trade payables

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer note no. 33)	157.94	46.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,438.24	2,753.09
	2,596.18	**2,799.96**

Note No. : 20 Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term loans	242.30	360.00
Unpaid dividends *	13.16	14.75
Trade deposits	224.09	241.39
Unpaid salaries and other payroll dues	261.99	255.62
Accrued Expenses	462.79	581.95
	1,204.33	**1,453.71**

* There are no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 21 Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance from customers	132.86	103.49
Advance against sale of Property, Plant & Equipment	4.25	10.28
Statutory liabilities	377.69	370.35
	514.80	**484.12**

Note No. : 22 Provisions-Current

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Provision for employee benefits -Leave Encashment	7.89	3.15
	7.89	**3.15**

Note No. : 23 Revenue From operations

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
Sale of goods				
Pens	30,334.69		27,752.98	
Refills	1,194.07		1,247.63	
Others	5,015.13		4,580.33	
	36,543.89		33,580.94	
Less: Discounts,Rebates, Incentives etc.	671.63		986.42	
		35,872.26		32,594.52
Other operating revenues				
- Scrap sales	76.25		6.80	
- Export Incentive	505.65		461.93	
- Gain on exchange fluctuation (net)	239.48	821.38	125.90	594.63
Revenue from operations		**36,693.64**		**33,189.15**

Ind AS 115 Disclosure - **Revenue from Operations**

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Sale of Products	35,872.26	32,594.52
Other Operating Revenues	821.38	594.63
	36,693.64	**33,189.15**

Note No. : 23 Revenue From operations (contd.)

A Nature of goods and services

The Company is engaged in the manufacturing of Writing instruments and stationeries and generates revenue from the sale of Pen and Refill and the same is only the reportable segment of the Company.

B Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products lines and timing of revenue recognition.

(₹ in Lakhs)

		Year Ended 31st March, 2019
i)	Primary Geographical Markets (sales)	
	Within India	27,695.51
	Outside India	8,848.38
	Total	**36,543.89**
ii)	Major Products	
	Pen	30,334.69
	Refill	1,194.07
	Others	5,015.13
	Total	**36,543.89**
iii)	Timing of Revenue	
	At a point in time	36,543.89
	Over time	-
	Total	**36,543.89**
iv)	Contract Duration	
	Long Term	-
	Short Term	36,543.89
	Total	**36,543.89**

C. Other Information

a.	Transaction price allocated to the remaining performance obligations	Nil
b.	The amount of revenue recognised in the current year that was included in the opening contract liability balance	Nil
c.	The amount of revenue recognised in the current year from performance obligations satisfied fully or partially in previous years	Nil
d.	Performance obligations- The Company satisfy the performance obligation on shipment/delivery.	Nil
e.	Significant payment terms	
	Financing Component	Nil

NOTES TO FINANCIAL STATEMENTS
as at and for the year ended 31st March, 2019

Note No. : 23 Revenue From operations (contd.)

D. Contract Balances

(₹ in Lakhs)

i)	Contract Assets	Nil
ii)	Contract Liabilities	132.86
iii)	Trade Receivables	4,332.85

Note No. : 24 Other incomes

(₹ in Lakhs)

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Interest income		
- Fixed deposits with banks	0.05	0.10
- Others	5.52	6.51
Other non operating income		
Insurance claim	-	0.06
Net gain/ (loss) on sale/discard of Property, Plant and Equipment	16.95	102.20
Miscellaneous Income	10.80	7.41
Liabilities no longer required, written back	189.34	-
	222.66	**116.28**

Note No. : 25 Cost of materials consumed

(₹ in Lakhs)

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Plastic powder	4,272.10	3,661.16
Ink	1,168.87	820.00
Tips	1,857.31	1,450.80
Others	6,045.41	3,880.53
	13,343.69	**9,812.49**

Note No. : 26 Purchase of stock in trade

(₹ in Lakhs)

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Pens	9,709.30	9,402.93
Refills	299.71	368.57
Others	2,003.62	2,778.00
	12,012.63	**12,549.50**

Note No. : 27 Change in inventories of Finished goods, Work-in-Progress and Stock-in-Trade

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
Finished goods				
Opening stock	1567.74		1,271.81	
Less: Closing stock	1512.49	55.25	1,567.74	(295.93)
Work-in-Progress				
Opening stock	67.06		46.38	
Less: Closing stock	123.22	(56.16)	67.06	(20.68)
Stock-in-Trade				
Opening stock	2,351.66		2,398.21	
Less: Closing stock	2,349.92	1.74	2,351.66	46.55
		0.83		**(270.06)**

Note No. : 28 Employee benefits expense

(₹ in Lakhs)

	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Salaries and wages	2,520.01	2,296.72
Contribution to provident and other funds	194.23	169.75
Staff welfare expenses	67.83	79.60
	2,782.07	**2,546.07**

Note No. : 29 Finance costs

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
Interest				
- On borrowings	590.47		461.71	
- On others	17.17	607.64	20.43	482.14
Other borrowing costs		3.07		3.10
		610.71		**485.24**

* Net of Interest Capitalised during the current year NIL (Previous Year ₹45.11 Lakhs)

Note No. : 30 Other expenses

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Consumption of stores and spares	94.68	85.54
Power and fuel	408.59	466.31
Excise Duty on sale of goods	-	50.19

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 30 Other expenses (contd.)

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
Excise Duty and cess on change in stock		-		(20.65)
Processing charges		2,416.00		2,522.76
Rent		235.89		270.19
Repairs				
Building		2.88		3.61
Machinery		19.02		29.98
Others		54.71		63.84
Insurance		89.00		80.72
Rates and taxes		11.07		42.44
Payment to auditor				
- For statutory audit	5.50		4.25	
- For other services (limited review, certification etc.)	4.83	10.33	4.38	8.63
Director sitting fees & Commission		14.57		15.51
Travelling & conveyance		469.43		438.07
Postage,telegram & telephone		75.86		70.61
Freight & transportation		573.14		566.79
Advertisement expenses		539.01		177.08
Commission on Sales		55.80		58.15
Other selling expenses		394.71		477.20
Corporate social responsibility expense (Note No. 34)		15.76		39.80
Miscellaneous expenses		504.10		527.34
		5,984.55		**5,974.11**

Note No. : 31 Gratuity and Other Post Employment Benefit Plans

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 Lakhs)

Defined Contribution Plan	2018-19	2017-18
Employers' Contribution to Provident Fund	114.22	124.42
Employers' Contribution to Employee State Insurance Scheme	31.33	40.60
Total	**145.55**	**165.02**

Note No. : 31 Gratuity and Other Post Employment Benefit Plans (contd.)

b) Defined Benefit Plan :

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans.

(₹ in Lakhs)

		2018-19	2017-18
		Gratuity (Funded)	Gratuity (Funded)
I.	**Expenses Recognised in the Statement of Profit & Loss**		
1.	Current Service Cost	30.17	25.82
2.	Past Service Cost	-	14.60
3.	Interest Cost	0.85	(0.01)
4.	Settlement Cost	-	-
5.	Re-measurement -Due to Financial Assumptions	-	-
6.	Re-measurement - Due to Experience Adjustments	-	-
	Components of defined benefit cost recognised in P/L	**31.02**	**40.41**
7.	Re-measurement - Due to Financial Assumptions	6.19	(2.91)
8.	Re-measurement - Due to Experience Adjustments	17.96	5.83
9.	Expected Return on Plan Asset	1.99	0.30
	Components of defined benefit cost recognised in OCI	**26.14**	**3.22**
	Total Expense	**57.16**	**43.63**
II.	**Change in Obligation during the year**		
1.	Present Value of Defined Benefit Obligation at the Beginning of the year	**236.74**	**200.01**
2.	Interest Cost	17.25	14.40
3.	Current Service Cost	30.17	25.82
4.	Settlement Cost	-	-
5.	Plan Amendments Cost/(Credit)	-	14.60
6.	Benefits Paid	(25.37)	(21.01)
7.	Re-measurement - Due to Financial Assumptions	3.04	(2.91)
8.	Re-measurement - Due to Experience Adjustments	17.96	5.83
9.	Present Value of Defined Benefit Obligation at the End of the year	**282.94**	**236.74**

NOTES TO FINANCIAL STATEMENTS
as at and for the year ended 31st March, 2019

Note No. : 31 Gratuity and Other Post Employment Benefit Plans (contd.)

		2018-19	2017-18
		Gratuity (Funded)	Gratuity (Funded)
III.	**Change in the Fair Value of Plan Assets during the year**		
1.	Plan Assets at the Beginning of the year	**207.58**	**185.74**
2.	Interest Income	16.40	14.41
3.	Contribution by Employer	36.14	28.74
4.	Re-measurement - Return on Assets (Excluding Interest Income)	(1.99)	(0.30)
5.	Benefits Paid	(25.37)	(21.01)
6.	Plan Assets at the end of the year	**232.76**	**207.58**
IV.	**Net Asset/(Liability) recognised in the Balance Sheet**		
1.	Present value of Defined Benefit Obligation	282.94	236.74
2.	Fair Value of Plan Assets	232.76	207.58
3.	Funded Status (Surplus/(deficit)	(50.18)	(29.16)
4.	Net Asset/(Liability) recognized in Balance Sheet	(50.18)	(29.16)
V.	**Actuarial Assumptions**		
1.	Discount Rate (per annum)	7.60%	7.70%
2.	Expected rate of return on Plan Assets	7.60%	7.70%
3.	Salary Increase	5.50%	5.50%
4.	Retirement/Superannuation Age	58	58
5.	Mortality Rate	Indian Assured Lives Mortality (2006 - 08)	Indian Assured Lives Mortality (2006 - 08)

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.

Note No. : 31 Gratuity and Other Post Employment Benefit Plans (contd.)

VIII. Major category of plan assets as a % of the total plan assets as at the year end for Gratuity :

	2019	2018
Others (including assets under Schemes of Insurance)	100%	100%

IX. A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	31st March, 2019		31st March, 2018	
	Discount Rate		Discount Rate	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Impact on Gratuity	(28.28)	33.22	(26.57)	31.57

Assumptions	31st March, 2019		31st March, 2018	
	Future salary increase		Future salary increase	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
Impact on Gratuity	32.18	(27.96)	30.62	(26.06)

Sensitivities due to mortality and withdrawals rate are not material and hence impact of changes is not calculated.

Sensitivity analysis above have been determine based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

X. Risk Exposure

i) Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

ii) Salary Inflation Risk : Higher than expected increase in salary will increase the defined benefit obligation.

iii) Demographic Risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to long service employee.

NOTES TO FINANCIAL STATEMENTS
as at and for the year ended 31st March, 2019

Note No. : 31 Gratuity and Other Post Employment Benefit Plans (contd.)

XI. Maturity Profile of Expected Benefit Payments:

(₹ in Lakhs)

		As at 31st March, 2019	As at 31st March, 2018
1	Year 1	14.66	9.02
2	Year 2	8.10	2.86
3	Year 3	28.45	4.08
4	Year 4	9.84	23.78
5	Year 5	18.10	5.07
6	Next 5 Years	191.41	130.59

XII. Other Disclosures

1 The Gratuity and Provident Fund Expenses have been recognized under "Contribution to provident and other funds" under Note no. 28.

2 Expected employers' contribution for next year is not available and therefore, not disclosed.

Note No. : 32. Commitments and Contingencies

(₹ in Lakhs)

Particulars			As at 31st March, 2019	As at 31st March, 2018
a)	Capital and Other Commitments:			
	i)	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	2,165.44	2,330.20
	ii)	Advance paid against above	1,470.58	1,623.61
b)	Contingent Liabilities:			
	(i)	Demand/Claims by various Government Authorities and others not acknowledged as debts:		
		Income Tax	-	245.80
		Vat/ Sales Tax	71.83	138.12
		Entry Tax	117.56	117.56

The amounts shown in (b) 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.

Note No. : 32. Commitments and Contingencies (contd.)

(ii) There has been a Supreme Court Judgement dated 28th February 2019, relating to components of salary structure that need to be taken into account while computing the contribution to Provident Fund under the Employees Provident Fund and Miscellaneous Provision Act, 1952. There are interpretative aspects related to the judgement, including the effective date of application. The company will continue to assess any further developments in this matter for the implication on financial statements, if any.

Note No. : 33. Based on the information/documents available with the Company, information as per the requirement of section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

(₹ in Lakhs)

Sl. No.	Description	2018-19	2017-18
i)	The principal amount remaining unpaid to suppliers as at the end of accounting year *	157.94	46.87
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	Nil	Nil

*Shown as line item "Total outstanding dues of Micro and Small Enterprises" under Note No. 19

Note No. : 34. Expenditure on Corporate Social Responsibilities (CSR) Activities

(₹ in Lakhs)

Description	2018-19	2017-18
Amount required to be spent by the Company during the year.	40.71	44.43

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 34. Expenditure on Corporate Social Responsibilities (CSR) (contd.)

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

Sl. No.	Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR Activities	2018-19	2017-18
a)	Clause (i)	Eradicating Hunger, Promoting healthcare including Preventive healthcare	1.25	1.55
b)	Clause (ii)	Promoting education, including special education and employment enhancing vocational training and livelihood enhancement projects socially and economically backward groups	13.79	37.53
c)	Clause (iv)	Animal welfare	-	-
d)	Clause (vii)	Promoting rural sports & nationally recognised sports	0.72	0.72
e)		Expenditure on administrative overheads	-	-
			15.76	39.80

Note No. : 35 Related Party Disclosure:

I) Names and description of relationship of related parties:

Related Party	Relationship
Key Managerial Personnel (KMP)	
Mr. Deepak Jalan	Managing Director (MD)
Mr. Naresh Pachisia	Independent / Non-Executive Director
Mr. K. N. Ranasaria	Independent / Non-Executive Director
Mr. Anil Kochar	Independent / Non-Executive Director
Ms. Supriya Newar	Independent / Non-Executive Director
Mr. Sanjay Agarwal	Independent / Non-Executive Director (w.e.f. 12.02.2019)
Dr. Ranjan Das	Independent / Non-Executive Director (up to 13.02.2018)
Mr. Aloke Jalan	Whole Time Director (WTD)
Mr. N.K.Dujari	Chief Financial Officer & Company Secretary
Enterprises in which KMP and their relatives have control/ substantial interest :	
Linc Writing Aids Pvt. Ltd.	Substantial interest of the relatives of
Linc Retail Ltd.	MD and WTD

Note No. : 35 Related Party Disclosure: (contd.)

Related Party	Relationship
Relatives of KMP :	
Deepak Jalan (HUF)	Mr. Deepak Jalan is Karta of HUF
Mr. S.M. Jalan	Father of Mr. Deepak Jalan
Ms. Divya Jalan	Daughter of Mr. Deepak Jalan
Mrs. Ekta Jalan	Wife of Mr. Rohit Deepak Jalan
Mr. Rohit Deepak Jalan	Son of Mr. Deepak Jalan
Aloke Jalan (HUF)	Mr. Aloke Jalan is Karta of HUF
Mrs. Shobha Jalan	Wife of Mr. Aloke Jalan
Mr. Aakash Aloke Jalan	Son of Mr. Aloke Jalan
Mr. Utkarsh Aloke Jalan	Son of Mr. Aloke Jalan
Mr. S.M. Jalan	Father of Mr. Aloke Jalan

II) Details of transactions with Related Parties:

Description	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.	-	3.64	-	3.64
	(-)	(4.58)	(-)	(4.58)
Linc Retail Ltd.	-	3.00	-	3.00
	(-)	(1.66)	(-)	(1.66)
Sale of Goods				
Linc Retail Ltd.	-	61.72	-	61.72
	(-)	(34.06)	(-)	(34.06)
Linc Writing Aids Pvt. Ltd.	-	57.36	-	57.36
	(-)	(233.23)	(-)	(233.23)
Receiving of Services (Remuneration)				
Mr. Deepak Jalan	82.05	-	-	82.05
	(85.95)	(-)	(-)	(85.95)
Mr. Aloke Jalan	65.64	-	-	65.64
	(68.79)	(-)	(-)	(68.79)
Mr. N. K. Dujari	17.32	-	-	17.32
	(21.02)	(-)	(-)	(21.02)
Remuneration Receivable From Directors				
Mr. Deepak Jalan	18.75	-	-	18.75
	(15.00)	(-)	(-)	(15.00)
Mr. Aloke Jalan	15.00	-	-	15.00
	(12.00)	(-)	(-)	(12.00)

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 35 Related Party Disclosure (contd.)

Director's sitting fees / commission

	Year ended	Director's sitting fees	Director's commission	Amount owed to related parties
Mr. Naresh Pachisia	31st March, 2019	1.61	2.00	2.00
	31st March, 2018	(1.85)	(2.00)	(2.00)
Mr. K. N. Ranasaria	31st March, 2019	1.50	2.00	2.00
	31st March, 2018	(1.71)	(2.00)	(2.00)
Mr. Anil Kochar	31st March, 2019	1.81	2.00	2.00
	31st March, 2018	(0.90)	(2.00)	(2.00)
Ms. Supriya Newar	31st March, 2019	1.00	2.00	2.00
	31st March, 2018	(1.00)	(2.00)	(2.00)
Dr. Ranjan Das	31st March, 2019	-	-	-
	31st March, 2018	(0.30)	(1.75)	(1.75)
Mr. Sanjay Agarwal	31st March, 2019	0.40	0.25	0.25
	31st March, 2018	-	-	-

Description	Key Managerial Personnel (KMP)	Enterprises in which KMP and their relatives have substantial interest	Relatives of KMP (R)	Total
Receiving of Services (Rent)				
Linc Writing Aids Pvt. Ltd.	-	12.72	-	12.72
	(-)	(12.72)	(-)	(12.72)
Mrs. Shobha Jalan	-	-	8.92	8.92
	(-)	(-)	(9.73)	(9.73)
Mr. Aakash Aloke Jalan	-	-	9.50	9.50
	(-)	(-)	(9.44)	(9.44)
Mr. Utkarsh Aloke Jalan	-	-	9.78	9.78
	(-)	(-)	(9.78)	(9.78)
Aloke Jalan (HUF)	-	-	9.78	9.78
	(-)	(-)	(9.78)	(9.78)
Receiving of Services (Remuneration)				
Mr. Rohit Deepak Jalan	-	-	24.47	24.47
	(-)	(-)	(12.92)	(12.92)
Mrs. Ekta Jalan	-	-	13.41	13.41
	(-)	(-)	(-)	(-)
Ms. Divya Jalan	-	-	3.95	3.95
	(-)	(-)	(5.59)	(5.59)

Note No. : 35 Related Party Disclosure (contd.)

Description	Key Managerial Personnel (KMP)	Enterprises in which KMP and their relatives have substantial interest	Relatives of KMP (R)	Total
Dividend Paid to Shareholders				
Mr. Deepak Jalan	4.81	-	-	4.81
	(9.49)	(-)	(-)	(9.49)
Deepak Jalan (HUF)	-	7.85	-	7.85
	(-)	(14.43)	(-)	(14.43)
Mr. Aloke Jalan	11.53	-	-	11.53
	(23.05)	(-)	(-)	(23.05)
Aloke Jalan (HUF)	-	0.31	-	0.31
	(-)	(0.62)	(-)	(0.62)
Linc Writing Aids Pvt. Ltd.	-	23.83	-	23.83
	(-)	(50.26)	(-)	(50.26)
Mrs. Sarita Jalan	-	-	18.31	18.31
	(-)	(-)	(38.99)	(38.99)
Mr. S. M. Jalan	-	-	15.46	15.46
	(-)	(-)	(30.76)	(30.76)
S. M. Jalan (HUF)	-	0.77	-	0.77
	(-)	(1.47)	(-)	(1.47)
Mrs. Shobha Jalan	-	-	30.06	30.06
	(-)	(-)	(60.11)	(60.11)
Others	-	-	18.59	18.59
	(-)	(-)	(36.68)	(36.68)
Balance Outstanding				
a) Accounts Receivable				
Linc Retail Ltd.	-	125.77	-	125.77
	(-)	(87.76)	(-)	(87.76)
Linc Writing Aids Pvt. Ltd.	-	116.15	-	116.15
	(-)	(99.14)	(-)	(99.14)
b) Amount outstanding against Guarantees given for Loans taken by the Company				
Mr. Deepak Jalan	5,984.73	-	-	5,984.73
	(6,557.92)	(-)	(-)	(6,557.92)
Mr. Aloke Jalan	5,984.73	-	-	5,984.73
	(5,018.10)	(-)	(-)	(5,018.10)

Note No. : 35 Related Party Disclosure (contd.)

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) Figure in brackets pertains to previous year.

Note No : 36 Fair Value Measurement of Financial Assets & Liabilities

(₹ in Lakhs)

	CARRYING AMOUNT	
	As at 31.03.2019	As at 31.03.2018
Non Current Financial Assets	97.22	107.87
Current Financial Assets		
i) Trade Receivables	4,332.85	4,586.03
ii) Cash & Cash Equivalents	9.43	11.28
iii) Other Bank Balances	13.16	14.75
iv) Others	2.04	2.38
Total Financial Assets	**4,454.70**	**4,722.31**
Non-Current Financial Liabilities		
Borrowings	1,967.41	1,350.00
Current Financial Liabilities		
i) Borrowings	3,812.73	4,847.92
ii) Trade Payables	2,596.18	2,799.96
iii) Other current financial liabilities	1,204.31	1,453.71
Total Financial Liabilities	**9,580.63**	**10,451.59**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Note No : 37 Income Tax

(₹ in Lakhs)

	31st March, 2019	31st March, 2018
Current income tax	246.00	267.00
Deferred Tax:		
Relating to organisation and reversal of temporary differences	140.19	269.58
Income Tax of Earlier Year	206.24	-
Mat Credit Entitlement	-	(72.90)
	346.43	**196.68**

Note No : 37 Income Tax (contd.)

	31st March, 2019	31st March, 2018
Income tax expense reported in the statement of profit or loss	**592.43**	**463.68**
OCI Section		
Deferred Tax related to items recognised in OCI during the year		
Net loss/ (gain) on remeasurement of defined benefit plans	8.73	1.11
Income tax charged to OCI	**8.73**	**1.11**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018: (₹ in Lakhs)

	31st March, 2019	31st March, 2018
Accounting profit before income tax	1,137.44	1,247.79
At India's statutory income tax rate of 33.384% (31st March, 2018: 34.61%)	379.73	431.84
Tax effect of Non deductible expenses	5.26	13.79
Permanent difference	12.31	(50.76)
Reversal of depreciation- Tax holiday period	-	67.20
Income Tax for earlier years	206.24	-
Others	(11.11)	1.61
Income tax expense reported in the statement of profit and loss	**592.43**	**463.68**

Note No : 38 Movement in Deferred Tax (Assets) / Liabilities

(₹ in Lakhs)

	As at 31st March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2019
Deferred tax liabilities				
Property, plant and equipments including intangible assets	699.19	73.86	-	773.05
	699.19	73.86	-	**773.05**
Deferred tax assets				
MAT credit entitlement	72.90	(72.90)	-	-
Provisions - employee benefits and Security Deposit	-	1.25	-	1.25
	33.45	5.32	**8.73**	**47.51**
Less : Deferred tax asset not recognised	106.35	(66.33)	8.73	48.76

NOTES TO FINANCIAL STATEMENTS
as at and for the year ended 31st March, 2019

Note No : 38 Movement in Deferred Tax (Assets) / Liabilities (contd.) (₹ in Lakhs)

	As at 31st March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2019
Net deferred tax liabilities / (assets)	-	-	-	-
	106.35	(66.33)	**8.73**	**48.76**
	592.84	140.19	**(8.73)**	**724.29**

	As at 1st April, 2017	Recognised in profit or loss	Recognised in other comprehensive income	As at 31st March, 2018
Deferred tax liabilities				
Property, plant and equipments including intangible assets	462.92	236.27	-	699.19
	462.92	236.27	-	**699.19**
Deferred tax assets				
MAT credit entitlement	-	72.90	-	72.90
Provisions - employee benefits and Security Deposit	66.76	(33.31)		33.45
	66.76	39.59	-	**106.35**
Less : Deferred tax asset not recognised	-	-	-	-
Net deferred tax liabilities / (assets)	66.76	39.59	-	106.35
	396.16	196.68	-	**592.84**

Note No : 39 Financial Risk Management Objectives and Policies

The Company's financial liabilities comprise long term borrowings, short term borrowings, capital creditors, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents and deposits.

The Company is exposed to market risk and credit risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The audit committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured

Note No : 39 Financial Risk Management Objectives and Policies (contd.)

and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include trade payables, trade receivables, etc.

a. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company has a treasury department which monitors the foreign exchange fluctuations on the continuous basis and advises the management of any material adverse effect on the Company.

Unhedged Foreign Currency Exposure

The Company's exposure to foreign currency in USD at the end of the reporting period expressed in INR is as follows : (₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
Financial Assets		
Trade Receivables	2,567.89	2,781.02
Financial Liabilities		
Trade Payables	563.11	426.01
Net Exposure	**2,004.77**	**2,355.01**

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of assets and liabilities. (₹ in Lakhs)

Change in foreign Currency Rates	Effect on profit before tax		Effect on Equity, net of tax	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
+5%	100.24	117.75	66.77	77.00
-5%	(100.24)	(117.75)	(66.77)	(77.00)

NOTES TO FINANCIAL STATEMENTS
as at and for the year ended 31st March, 2019

Note No : 39 Financial Risk Management Objectives and Policies (contd.)

b. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in Lakhs)

	Increase/ decrease in basis points	Effect on profit before tax	Effect on Equity, net of tax
31st March, 2019	+50	(33.86)	(22.56)
	-50	33.86	22.56
31st March, 2018	+50	(29.97)	(19.60)
	-50	29.97	19.60

(ii) Credit Risks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reconciled. Based on historical trend, industry practice and the business environment in which the company operates, an impairment analysis is performed at each reporting date for trade receivables. Based on above, the company does not expect any credit loss.

Other Financial Assets

Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

(iii) Liquidity Risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs.

Note No : 39 Financial Risk Management Objectives and Policies (contd.)

The table below summarises the maturity profile of the Company financial liabilities based on contractual undiscounted payments. (₹ in Lakhs)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	3-5 Years	> 5 years	Total
Year ended 31st March, 2019						
Borrowings	3,812.73	242.30	573.77	1,393.64	-	6,022.44
Other financial liabilities	1,204.33	-	-	-	-	1,204.33
Trade payables	2,596.18	-	-	-	-	2,596.18
	7,613.24	**242.30**	**573.77**	**1,393.64**	**-**	**9,822.95**
Year ended 31st March, 2018						
Borrowings	4,847.92	360.00	360.00	630.00	-	6,197.92
Other financial liabilities	1,453.71	-	-	-	-	1,453.71
Trade payables	2,799.96	-	-	-	-	2,799.96
	9,101.59	**360.00**	**360.00**	**630.00**	**-**	**10,451.59**

Note No. : 40 Segment reporting

There is only one primary business segment i.e. "Writing Instrument and Stationary" and hence no separate segment information is disclosed in this financial.

Geographical segments

The Company primarily operates in India and therefore analysis of geographical segment is demonstrated into Indian and overseas operation as under:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	India	Overseas	Total	India	Overseas	Total
Revenue from operations	27,845.26	8,848.38	36,693.64	25,161.65	8,027.50	33,189.15
Carrying Amount						
Segment assets	20,724.66	2,567.89	23,292.55	20,924.40	2,781.02	23,705.42
Segment Liabilities	10,392.58	563.11	10,955.69	11,202.77	426.01	11,628.78
Additions						
Tangible assets	1,829.16	-	1,829.16	2,992.03	-	2,992.03
Intangibles Assets	19.83	-	19.83	-	-	-

NOTES TO FINANCIAL STATEMENTS

as at and for the year ended 31st March, 2019

Note No. : 41 Events ocurring after the Balance Sheet date

Proposed Dividend

The Board of Directors at its meeting held on 28th May 2019 have recommended a payment of final dividend of ₹1.50/- per equity share of face value of ₹10/- each for the financial year ended 31st March, 2019. The same amounts to ₹267.38 Lakhs (including dividend distribution tax of ₹45.59 Lakhs).

The above is subject to approval of the shareholders at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

Note No. : 42 Earnings Per Share:

		2018-19	2017-18
The numerator and denominator used to calculate Basic/ Diluted Earnings Per Share			
a)	Amount used as the numerator	545.01	784.11
	Profit after tax (₹ in Lakhs)		
b)	Basic / Diluted weighted average number of	147.86	147.86
	Equity Shares used as the denominator (Nos. in Lakhs)		
c)	Nominal value of Equity Shares (₹)	10	10
d)	Basic / Diluted Earnings Per Share (a/b) (₹)	3.69	5.30

Note No. : 43

The financial statements are reviewed by the audit committee at its meeting held on 28th May, 2019 and approved by the Board of Directors on the same date.

Note No. : 44 Insurance Claim

Inventory of ₹546.89 Lakhs was impacted by fire at the company's Falta unit during the year ended 31st March 2018. The Company had lodged insurance claim for the same, which is presently under process and the above claim is shown under Other Current Assets (Note No. 12)

Note No. : 45 Leases - Operating lease commitments - Company as lessee

Certain office premises, godowns, etc. are held on operating lease. The leases range upto 3 years and are renewable for further year either mutually or at the option of the Company. The leases are cancellable.

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Lease Payments made during the year	235.89	270.19

Note No. : 46 Capital Management

The Company's objective to manage its capital is to ensure continuity of business while at the same time provide reasonable returns to its various stakeholders but keep associated costs under control. In order to achieve this, requirement of capital is reviewed periodically with reference to operating and business plans that take into account capital expenditure and strategic investments. Apart from internal accrual, sourcing of capital is done through judicious combination of equity and borrowing, both short term and long term. Net debt (total borrowings less cash & cash equivalents) to equity ratio is used to monitor capital.

Particulars	31st March, 2019	31st March, 2018
Debt Equity Ratio	0.49	0.54

Note No. : 47

On 3rd November, 2018, the Board of Directors of the Company approved a Scheme of Arrangement and Amalgamation amongst, the Company, Linc Writing Aids Pvt Ltd (LWA) and Linc Retail Ltd (LRL) in terms of the provisions of Section 230 to 232 and the applicable provisions of the Companies Act, 2013, involving amalgamation of LWA with the Company after demerger & transfer of retail business of LWA to LRL with effect from 1st April 2018. The Company has received "no adverse observation letter" from Bombay Stock Exchange and National Stock Exchange on 26.04.19 and 30.04.19 respectively. The Company is in the process of filing Scheme with National Company Law Tribunal for its approval. Pending such approvals, no accounting adjustment thereof has been made in the above financial statements.

Note No. : 48

(a) Revenue from Operations upto 30th June, 2017 includes excise duty, which is discontinued from 1st July, 2017, upon implementation of Goods and Service Tax (GST). GST is not included in the Revenue from Operations from 1st July, 2017 onwards. In view of these changes, the Revenue from Operations for the year ended 31st March, 2019 are not comparable with the previous year.

(b) The previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

The accompanying notes 1 to 48 are an integral part of the Financial Statements.
As per our report of even date attached.

For Singhi & Co.
Chartered Accountants
F.R No. 302049E

(Aditya Singhi)
Partner
Membership No. 305161

Place of Signature: Kolkata
Dated: 28th May, 2019

For and on behalf of the Board

Deepak Jalan
Managing Director
DIN:00758600

Aloke Jalan
Whole Time Director
DIN:00758762

N. K. Dujari
Chief Financial Officer
& Company Secretary
FCA 54444/FCS 8745

10 YEAR FINANCIAL HIGHLIGHTS

(₹ in Cr.)

Year	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Source of Funds										
Share Capital	14.79	14.79	14.79	14.79	14.79	14.79	14.79	12.79	12.79	12.79
Reserves & Surplus	108.58	105.98	103.50	86.34	73.35	63.84	55.79	34.79	34.58	28.87
Net worth	**123.37**	**120.77**	**118.29**	**101.13**	**88.14**	**78.63**	**70.58**	**47.58**	**47.37**	**41.66**
Borrowings	60.22	65.58	50.80	30.94	17.78	32.72	30.30	41.67	40.23	20.65
Deferred Tax Liability	7.24	5.93	3.96	2.76	1.85	2.19	2.02	1.89	1.86	1.64
Funds Employed	**190.83**	**192.28**	**173.05**	**134.83**	**107.77**	**113.54**	**102.90**	**91.14**	**89.46**	**63.95**
Operating Results										
Domestic Revenue	278.46	252.18	245.85	247.12	231.13	223.02	228.24	207.82	198.14	173.27
Exports	88.48	79.71	104.64	97.02	87.17	91.08	77.02	67.23	55.50	52.18
Total Revenue	**366.94**	**331.89**	**350.49**	**344.14**	**318.30**	**314.10**	**305.26**	**275.05**	**253.64**	**225.45**
E B I D T A	**27.92**	**26.93**	**34.05**	**32.13**	**25.55**	**22.15**	**13.99**	**10.27**	**16.52**	**16.32**
Finance Cost	6.11	4.85	2.17	1.53	1.48	2.37	2.48	3.78	2.08	1.70
Depreciation	10.44	9.60	7.93	5.96	5.86	5.05	4.47	4.30	3.62	3.07
Profit before tax	11.37	12.48	23.95	24.64	18.21	14.73	7.04	2.19	10.82	11.55
Profit after tax (P A T)	**5.45**	**7.84**	**17.26**	**18.32**	**14.32**	**11.51**	**5.41**	**1.70**	**8.40**	**8.40**
E B I D T A Margin (%)	7.6%	8.1%	9.7%	9.1%	8.0%	7.1%	4.6%	3.7%	6.5%	7.2%
P A T / Total Sales (%)	1.5%	2.4%	4.9%	5.3%	4.5%	3.7%	1.8%	0.6%	3.3%	3.7%
EPS	3.69	5.30	11.68	12.39	9.69	7.78	3.91	1.33	6.57	6.57
Dividend %	15%	15%	30%	30%	25%	20%	15%	10%	18%	18%
Dividend Payout %	49%	34%	31%	29%	31%	30%	45%	88%	32%	32%
Net worth per Share (₹)	83.44	81.68	80.00	68.39	59.61	53.18	47.73	37.21	37.05	32.58
Return on Capital Employed %	9.2%	9.0%	15.1%	19.4%	18.3%	15.1%	9.3%	6.6%	14.4%	20.7%
Return on Equity %	4.4%	6.5%	14.6%	18.1%	16.3%	14.6%	7.7%	3.6%	17.7%	20.2%
Debt Equity Ratio	0.49	0.54	0.43	0.31	0.20	0.42	0.43	0.88	0.85	0.50
Average Realisation/pen (₹)	3.96	3.65	3.90	3.90	3.86	3.78	3.17	3.49	3.29	3.05

CORPORATE INFORMATION

BOARD OF DIRECTORS	Category
Mr. Anil Kochar	Independent, Non-executive
Ms. Supriya Newar	Independent, Non-executive
Mr. Naresh Pachisia	Independent, Non-executive
Mr. Sanjay Agarwal	Independent, Non-executive
Mr. Aloke Jalan	Whole Time Director
Mr. Deepak Jalan	Managing Director

CFO & COMPANY SECRETARY
Mr. N. K. Dujari

REGISTERED OFFICE
Satyam Towers,
3, Alipore Road, Kolkata - 700 027
Phone: (033) 3041 2100, 2479 0248
Fax: (033) 2479 0253
CIN: L36991WB1994PLC065583
E-mail: investors@lincpen.com
Website: www.lincpen.com

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Linc Estate
Usthi Road, Serakole, 24 Pgns.(S),
Pin - 743 513, West Bengal
Phone: 09051280300
Fax: (033) 2420 4441

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

OHM Industrial Infrastructure Park
Plot no.7/8/11/12, Umbergaon
District: Valsad, Pin - 396 155, Gujarat

AUDITORS
Singhi & Co.
Chartered Accountants
161, Sarat Bose Road,
Kolkata - 700 026

BRANCH OFFICES
MUMBAI - 403-404 Tanishka Bldg.
Off Western Express Highway
Kandivali (East), Mumbai - 400 101
Phone: (022) 6692 4155 / 4255
Fax: (022) 6694 2963
E-mail: lincmumbai@lincpen.com

PATNA - C/o, Shanker Logistics Pvt. Ltd.
Mehdigunj, Ward No. 61,
Holding No. 34/22,
Jhauganj, Patna - 800 007, Bihar

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

REGISTRAR & SHARE TRANSFER AGENT
Maheshwari Datamatics Pvt. Ltd.
23, R.N. Mukherjee Road, 5th Floor
Kolkata - 700 001

BANKERS
HDFC Bank Ltd.
Yes Bank Ltd.
IDBI Bank Ltd.

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