LINC

15th September, 2021

The Listing Department, The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata – 700 001	The Manager The Department of Corporate Services, BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001	The Manager, The Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

Dear Sir,

Re : MD's Speech at 27th Annual General Meeting

Please find enclosed herewith the Speech delivered by Managing Director at the 27th Annual General Meeting held on 15th September, 2021.

Thanking You,

Yours faithfully,

For LINC PEN & PLASTICS LTD.

N. K. DUJARI
Chief Financial Officer &
Company Secretary

Encl: as above

MD's statement for AGM

Good morning ladies and gentlemen, shareholders and colleagues.

I am thankful to all of you for taking out your time to join this meeting over virtual platform. I hope all of you are safe and are in good health.

The Covid-19 pandemic continues to have a significant impact on our lives, livelihoods and the business. The year 2020-21 has been challenging for each one of us and the writing instrument industry is one of the worst effected too. The closure of educational institutions and commercial establishments operating with lower physical attendance had impacted the demand for writing instruments. The situation is similar all over the globe, with trade disruptions and intermittent lockdowns.

As I speak, the infection rate is hovering around 30,000 Cases a day, but we are all learning to live and work in the changed circumstances. The crisis is far from over. The long tail of the second wave and the possibility of a third wave indeed calls for caution. However, with the vaccination drive gaining momentum, let us hope that full normalcy gets restored soon.

The FY21 was obviously not such a good year for Linc, as we saw a 35% fall in topline. We managed to report a positive bottomline of just about Rs.4 Lakhs on account of anincome tax write back of earlier years. As a result, for the first time since the inception of the Company, your Board thought it prudent to skip the Dividend payout for the year.

We started the year FY21 under lockdown due to the pandemic and ended **Q1 of FY21** with **steep fall of 73%** in Revenues. But helped by strong recovery in subsequent quarters, we ended **Q4 of FY21** with **just 6% drop** in Revenues as compared to Q4 of FY20.

I would like to highlight a few significant things which standout during these challenging times: –

- The Company adjusted to the new realities, reorganised its operations and is trying to bounce back quickly.

- The Company moderated its Capex requirements to the most essentials.

- The Company managed its cash flows well and secured the balance sheet by **pre-paying its entire long term debt of Rs.22 Crs** and reduced its **working capital debt by Rs.15 Crs**.

- Despite a 35% reduction in topline along with a Rs 5 Crs spending on Promotions and a Rs. 2 Cr Cash Loss in Q1 of FY21, the Company ended the year with a Cash Profit of Rs.9 Crs.

- Inspite of severe ongoing impacts on the topline and bottomline, the Company has managed to **retain its credit ratings** of CRISIL A / Stable and A 1.

- The Company set itself aggressive goals and delivered a **sharp recovery** in its performance **quarter on quarter**.

- The Company is trying to reinvent itself so as to emerge stronger in such trying circumstances by using technology.

- The Company is aggressively **expanding its retail touch points** in the domestic market with the help of Sales Force Automation and Reach & Range Approach, in consultation with M/s.Vector Consulting Group, one of the renowned consulting Company.

- The Company is trying to **expand its global footprints** in order to give necessary impetus to its exports.
- The Company is in process of **closing down** its manufacturing unit in **Falta SEZ**, West Bengal and will be shifting its Machineries and Equipment to the other two manufacturing units of the Company. This will help in improving the profitability of the Company with improved economies of scale and saving in overhead expenses.

Outlook & Future Initiatives

The onset of the 2nd wave of the pandemic and the subsequent lockdowns announced by the various State Governments has resulted in a drop in the revenues to Rs. 55 Cr in Q1 of FY22 and Company has reported a loss of Rs.1.22 Crs during the quarter. However, the revenue was double in comparison to Q1 of FY21 even though both these quarters experienced lockdowns and closure of educational institutions.

The Company is making holistic efforts to bring back revenues and profitability to pre-covid levels and revive the growth momentum.

The year to date (April to August) Revenue figures for FY22 are Rs.114 Crs as compared to Rs.64 Crs in the same period last year, a growth of 78%. We believe that, if we merely extrapolate this performance, we should not be very far from the pre-covid revenue levels, in the current financial year.

This should help the Company to achieve **double digit - EBITDA, ROCE and ROE** once again.

The real limiting factor for the growth of Linc is the number of customers we can cater to. If a customer walks into a shop to buy our product and we are not available, most customers will buy whichever brand is available and we lose the sale. It is quite obvious that if our entire range of products is present in more and more shops, the more our sales will be, since the customers may walk in to any shop at any time to buy anything!

With an aim to rapidly expand our reach, Linc pens has partnered with Vector Consulting Group, an expert in assisting companies to catapult their supply chain and sales capabilities to totally new level of performance, to roll out an exciting new initiative called RREP (Reach-Range Expansion Program)

Building a super agile supply chain connecting all the relevant retailers is the Goal of the initiative. Not only will we will cater to almost every customer across the country, we are confident that we will enjoy unparalleled point of sale visibility further cementing our brand in the minds of consumers.

In the last financial year the pilot for RREP resulted in increasing the direct Reach of retailers from about 50,000 outlets to 1,50,000 outlets even during the difficulties posed by waves of lockdown. **Now Linc is on the anvil of scaling up the RREP with five lakh outlets as its next milestone for the current financial year**.

From "Linc Pen & Plastics Ltd" to "Linc Ltd"

A proposal to change the name of company from – "Linc Pen & Plastics Ltd" to "Linc Ltd" is one of the agenda items for this meeting. It was a long pending suggestion from few of our shareholders too. This change in the name is expected to create the correct perception of the business activities of the Company in the minds of the people, in times to come. It will help the Company go beyond just the writing instruments. It is, however, re-iterated that the main focus of the Company at this point of time is going to be the writing instruments & stationery products, to leverage its distribution network of about 100,000 stationery shops across the country. The first and foremost objective of the company is to gain leadership position in its core category i.e. Writing instruments and simultaneously grow in the wider stationery category, before jumping into other categories.

Notwithstanding the significant logistical challenges in the wake of the Pandemic, the company is in the mode of expanding its distribution to non-stationery outlets, which are estimated to be more than 10 million. According to a study, while 45% value sales of pens is accrued from the stationery shops, 55% value sales is contributed by non-stationery outlets like General & Kirana stores. In order to take share of this uncharted channel as explained earlier, Linc has embarked on a journey of reaching this huge alternate channel, with the help of Vector consulting group, by using the latest tools of technology - from Sales force Automation to Supply chain management to Retailer & Distributor Apps & many more. While we will be servicing the said FMCG channel, we will not hesitate to learn some of the growing FMCG categories, which could be outsourced and the company does not have to make any Capex.

The business disruption caused by the pandemic has intensified our efforts towards 'Change' in existing product portfolios to deal better with tomorrow's challenges and opportunities. The company has recently started distribution of 'Liquid hand wash' a fast growing category in the hygiene category as a first step. Since the purchase volume of pens of a general & kirana store is very low, it is felt that clubbing these supplies with some additional products, which are more relevant to these non-stationery outlets, should help the company in rationalising the cost of service to these outlets on one hand and establishing alternate categories for future on the other.

CSR Activities

The Company's CSR spending during FY21 was at 2% of the average profits, the minimum required. In addition to this, as a responsible corporate citizen, the Company is continuously involved in various other social and charitable activities, which are not covered under the prescribed CSR guidelines.

Gender Ratio and Vaccination Status

The Company has 64 women employees in its payroll and about 800 women contract workers. Most employees of the Company' are fully vaccinated, except for a few who are in process of getting the 2nd dose.

In conclusion

All these would not have been possible without the support of all the stakeholders including our directors, employees, suppliers, channel partners, distributors, bankers and shareholders in these difficult times. I would like to take this opportunity to thank all, who have supported us and for their consistent trust.

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