LINC

Linc Pen and Plastics Ltd.

Performance review for investors

April to June, FY 2021-22

An introduction to our company

The Company is among the three largest writing instrument manufacturers in India

The Company enjoys a sales presence in more than 50 countries

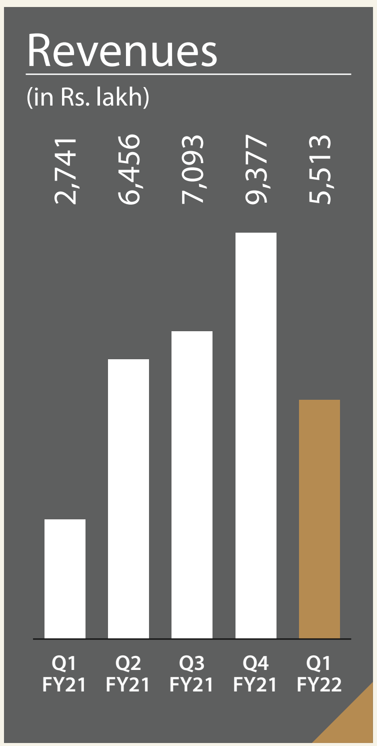
The Company's brand is recalled for 'pioneering' and 'consistently high quality'

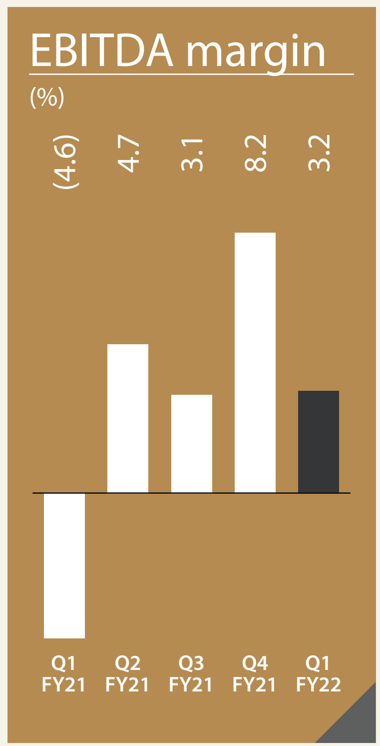
Big numbers of our performance in Q1, FY 2021-22

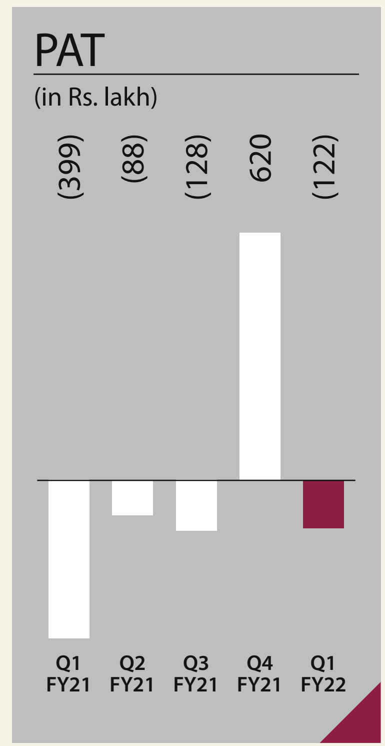
5,513
Revenue from operations (in Rs. lakh)

3.2
EBITDA margin (%)

Performance trend







Performance review of Q1, FY 2021-22

- The Company reported a lower revenue over the immediate previous quarter by 41%
- The Company achieved 201% of the revenues reported in Q1, FY 2020-21
- Considering the sustained closure of educational institutions, the performance recorded by Linc can be considered satisfactory
- The Company reported a cash profit of Rs. 1.47 crore during the quarter

How we strengthened our business in Q1, FY 2021-22

- The Company strengthened its retailer management through restructuring and digitalisation
- The finance cost declined from Rs. 96 lakh in Q1, FY 2020-21 to Rs. 30 lakh during the quarter under review
- Pentonic pens accounted for 37% of the total revenue and 68% of the products priced over Rs. 10 of the general trade business

The message of Q1, FY 2021-22

The Company's revenue stood at 201% of Q1, FY 2020-21 during the quarter under review

The Company's revenue stood at 55% of Q1, FY 2019-20 during the quarter under review

Highlights of our domestic performance in Q1, FY 2021-22

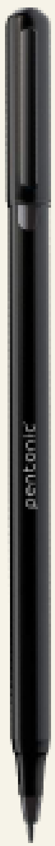
- Revenues decreased from Rs. 8,141 lakh in Q4, FY 2020-21 to Rs. 4,271 lakh in Q1, FY 2021-22
- The Company widened its distribution network
- The improved consumer sentiment in June 2021 catalysed sales offtake
- Revenues from products priced at Rs. 10 and above were 54% (46% in Q1, FY 2020-21)
- A wider distribution footprint helped the Company seed its brand with new retailers

Highlights of our export performance in Q1, FY 2021-22

Exports were 22.5% of revenue

Exports were Rs. 1,242 lakh in Q1, FY 2021-22 (Rs. 1,236 lakh in Q4, FY 2020-21 and Rs. 770 lakh in Q1, FY 2020-21) and 1,537 lakh in Q1, FY2019-20)

Managing Director Deepak Jalan's overview



Despite the pandemic continuing its effects, we posted double the turnover during the quarter under review in comparison to Q1, FY 2020-21.

The improvement was owed to focused initiatives: deeper reach, wider range and equipment automation.

The Company drew out a standard operating protocol (SOP) to explore sales in a hesitant economy with a priority on safety cum security that would not endanger stakeholders and employees.

Besides, we believe this change in our business model is laying the foundation of a reinvented Linc.

Performance review, FY 2021-22

Linc recorded a sequential QoQ revenue de-growth of 41% over Q4, FY 2021 and a 201% growth over Q1, FY 2020-21.

The Company reported a decrease in its bottomline level from Rs. 6.20 crore in Q4, FY 2020-21 to Rs. (1.22) crore in Q1, FY 2021-22.

The Company reported a cash profit of Rs. 1.47 crore during the first quarter when compared with a cash loss of Rs. 2.22 crore in Q1, FY 2020-21.

Outlook

- Linc plans to invest deeper into digital marketing and point of sale promotion to enhance product visibility and offtake
- Educational institutions are unlikely to reopen in a quarter even through India's vaccination pace is accelerating
- The Company intends to increase its retail network from 1,48,000 as on 31 March 2021 to 2,00,000 by the end of FY 2021-22
- The Company will continue to moderate its inventory and focus on returning to the pre-Covid levels as soon as the country normalises in FY 2021-22

Summing up

By reinventing its business model and personality, the Company is competently addressing challenges during these tough times through product upgradation, machine automation and increasing focus on non-stationery products, which is expected to translate into sustainable growth.