



LINC.

An introduction

- Among India's three leading writing instrument manufacturers
- An extensive presence in India and 50 other countries
- The Linc brand synonymous with innovation and quality

WE CAME IN FROM A WEAK Q1, FY 2020-21

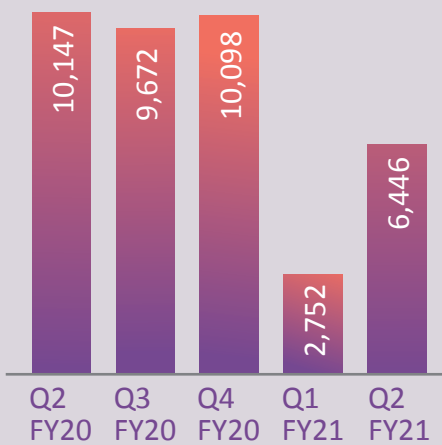
- The Company reported a decline in revenues, margins and surplus
- This decline was largely on account of the pandemic-induced lockdown of the Indian economy
- The Company's operations were severally affected for two of three months
- The Company had indicated a rebound in the second quarter.

THE BIG MESSAGE OF Q2, FY 2020-21

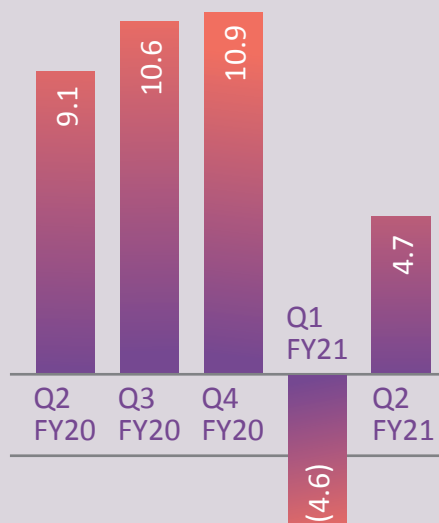
- The Company reported an improvement in revenues, margins and surplus.
- The Company achieved 64% of revenues reported in Q2 FY 2019-20
- The improvement was creditable considering that most educational and commercial institutions in India continued to remain closed

QUARTERLY UPDATE

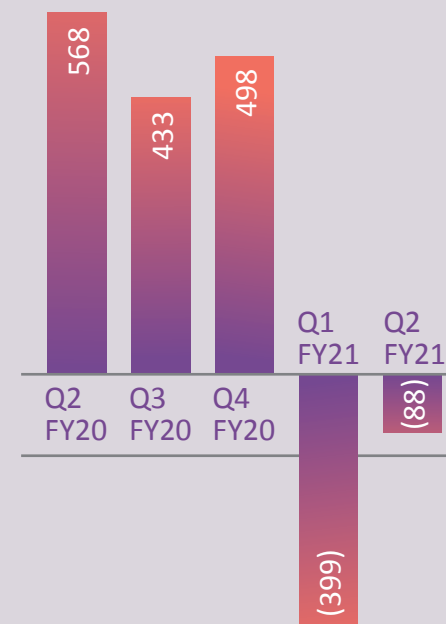
REVENUES (in ₹ lakhs)



EBITDA MARGIN (in %)



PAT (in ₹ lakhs)



▶ DOMESTIC HIGHLIGHTS

OF OUR PERFORMANCE IN Q2 FY 2020-21

- Linc generated Rs. 4,902 lakhs from domestic sales compared to Rs. 8,266 lakhs in Q2 FY 2019-20 and Rs. 1,944 lakhs in Q1 FY 2020-21
- The Company's performance was affected by the closure of schools and commercial offices following the COVID-19 pandemic



▶ EXPORT HIGHLIGHTS

OF OUR PERFORMANCE IN Q2 FY 2020-21

- The global economy was affected by the COVID-19 pandemic, which resulted in weak global consumer sentiment
- Linc generated Rs. 1544 lakhs from exports in Q2 FY 2020-21 compared to Rs. 1881 lakhs in Q2 FY 2019 -20 and Rs. 770 lakhs in Q1 FY 2020-21



Managing Director
Deepak Jalan's

MESSAGE




The trade disruption and lockdown in several countries continued to affect our performance in Q2 FY 2020-21.

India's economy reported a 23.9% degrowth in Q1 FY20-21, the slowest growth in a number of decades; the de-growth was not as marked in Q2, strengthening consumer sentiment.

The Company entered new geographies by highlighting its Pentonic brand.

▶ Managing Director
Deepak Jalan's

MESSAGE



During this second quarter, the Company focused on widening its sales footprint – from 66273 retail points pan-India as on 30 June 2020 to 99246 retail points as on 30 September 2020, the fastest increase in sales footprint in the Company's existence.

The Company continued to focus on increasing the proportion of revenues from the pen segments priced at Rs. 10 and above.



▶ Managing Director
Deepak Jalan's

MESSAGE



Performance overview

There was a 36.5% decline in topline in Q2 FY 2020-21 compared to Q2 FY 2019-20.

The bottomline in Q2 FY 2020-21 was Rs.(88) Lakhs compared to Rs.568 Lakhs in Q2 FY 2019-20.

There was a 440 bps decline in EBITDA margin in Q2 FY 2020-21 compared to Q2 FY 2019-20.

▶ Managing Director
Deepak Jalan's

MESSAGE

Positive features of the Company's performance

The Company reported a cash profit despite a sharp revenue decline.

The Company made a provision of Rs.133.52 Lakhs during the quarter (Rs.106.37 Lakhs against Insurance Claim short received and Rs.27.15 Lakhs against expected credit loss)

Sales have been rising each successive month – from 27% of the first quarter's revenues of FY 2019-20 to 64% of the second quarter's revenues of FY 2019-20 in the corresponding quarters of 2021-22

The performance in September 2020 was 72% of the revenues reported in September 2019, higher than the quarterly average.

Exports in Q2 FY 2020-21 were 82% of the numbers achieved in Q2 FY 2019-20

OUTLOOK

With the economy reviving, the Company is optimistic of performing better each quarter.

The Company expects to add another 30,000 retail outlets in Q3 2020-21

The Company is exploring sales of personal hygiene products for students with stationery products

The Company intends to enhance the proportion of its portfolio priced at Rs 10 and above with the objective to strengthen profitability.

SUMMING UP

“I am optimistic of our sustained quarter-on-quarter improvement on the back of a revival in the country’s economy coupled with our focus on marketing a larger proportion of products priced in excess of Rs 10 a piece.”

– *Deepak Jalan, Managing Director*