



Linc Pen & Plastics Limited

# Financial Results

Q3, FY 2020-21

# An introduction to our company

- Linc is one of India's three largest writing instrument manufacturers
- Linc enjoys a brand recall for consistently high quality products
- Linc enjoys a sales presence in over 50 countries

# ▶ Performance review

## Q3, FY 2020-21

- The Company reported higher revenues over the immediately previous quarter by 10.5%
- The performance was creditable in view of the sustained closure of educational institutions in India, the largest consumers of writing instruments
- The performance was driven largely through remote engagement and non-facial contact
- There was a reduction in EBIDTA on account of higher raw material costs

# ▶ How we strengthened our business

## Q3, FY 2020-21

- Interest cost declined to Rs. 64.77 lakh in Q3, FY 2020-21 (compared to Rs. 93.45 lakh in Q2, FY 2020-21 and Rs. 132.64 lakh in Q3, FY 2019-20)
- Inventories declined by Rs. 851 lakh in Q3, FY 2020-21, moderating working capital
- Pentonic sales held their ground

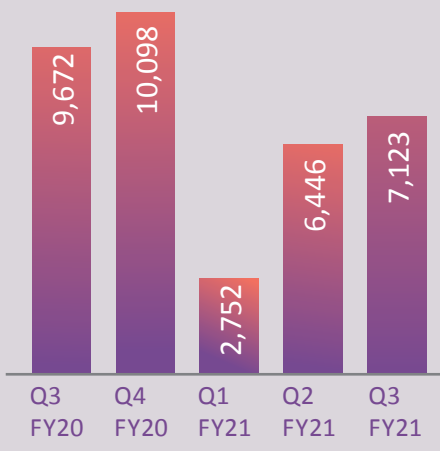
# ▶ The big message

## Q3, FY 2020-21

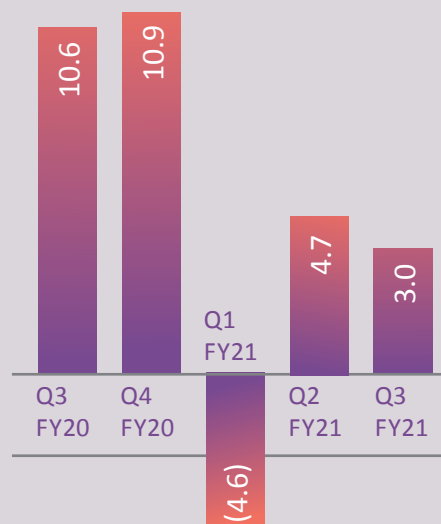
- The Company achieved 74% of revenues reported in Q3 FY 2019-20
- The Company moderated debt by Rs. 25 crore in nine months ending December 2020 (interest cover improved)
- The Company accelerated its evolution towards a distribution-led model
- The Company froze all major capital expenditure in anticipation of a normalization in trade conditions

# ▶ Quarterly update

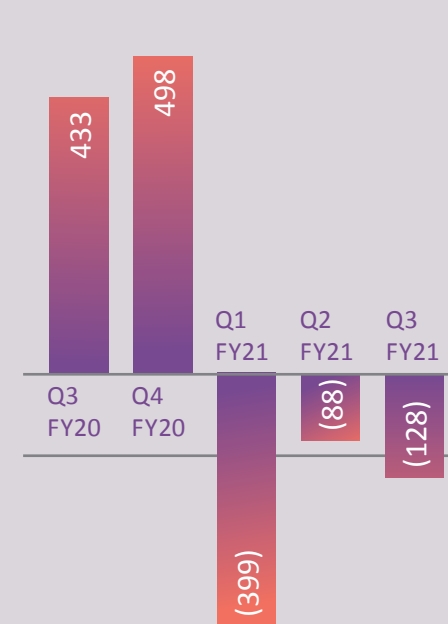
REVENUES (in ₹ lakh)



EBITDA MARGIN (in %)



PAT (in ₹ lakh)



# ▶ Highlights of our domestic performance

Q3, FY 2020-21

Increased from  
Rs. 4,902 lakh to  
Rs. 5,815 lakh in  
Q3 FY 2020-21

Normalisation  
of operations  
in commercial  
offices sustained  
offtake

Turnaround  
in consumer  
sentiment  
supported sales  
offtake

# ▶ Highlights of our export performance

Q3, FY 2020-21


Exports remained muted in view of the pandemic impact on global trade

Exports were Rs. 1,308 lakh in Q3 FY 2020-21 (Rs. 2,323 lakh in Q3 FY 2019-20 and Rs. 1,544 lakh in Q2 FY 2020-21)



▶ Managing Director  
Deepak Jalan's  
**overview**



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- Linc continued to strengthen its business in Q3, FY 2020-21 even as this improvement was not entirely visible in the financials.
  - The company widened its distribution network and moderated its debt load, strengthening opportunity-preparedness
  - The fact that Linc continued to report a positive EBIDTA is a validation of the strength of its brand.
  - The Company recorded its fastest increase in sales footprint in its existence, with 30,000 new outlets added in Q3, FY 2020-21.
  - Linc continued to focus on increasing the proportion of revenues from segments priced at Rs. 10 and above.

# Revenue growth

- From 27% of the first quarter's revenues of FY 2019-20 in Q1, FY 2020-21
- To 64% of the second quarter's revenues of FY 2019-20 in Q2, FY 2020-21
- To 74% of the third quarter of FY 2019-20 in Q3, FY 2020-21

# Domestic sales

- 79% of the third quarter of FY 2019-20 in Q3, FY 2020-21

# Exports

- 56% of the third quarter of FY 2019-20 in Q3, FY 2020-21

# Outlook

- There is a month-on-month improvement in sales as a percentage of what we had reported in the corresponding period of FY 2019-20 – without the upside from the educational sector.
- We are optimistic of a resumption in schools and colleges, which should revive replacement spending of writing instruments (as has happened for the rest of the Indian economy).
- This is expected to transform the company towards a positive bottomline starting Q4 FY 2020-21.

# Summing up

“The worst appears to be over for the writing instruments sector in general and for Linc in particular. We are prepared for better times ahead.”

- *Deepak Jalan, Managing Director*