



28th August, 2023

The Listing Department, The Calcutta Stock Exchange Ltd. 7, Lyons Range, Kolkata – 700001	The Manager The Department of Corporate Services, BSE Limited, P. J. Towers, Dalal Street, Mumbai - 400001	The Manager, The Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400051
Scrip Code- 022035	Script Code- 531241	Symbol- LINC

Dear Sir,

Re : MD's Speech at 29th Annual General Meeting

Please find enclosed herewith the Speech delivered by Managing Director at the 29th Annual General Meeting held on 28th August, 2023.

Thanking You,

Yours faithfully,

For LINC LIMITED.

KAUSHIK RAHA
Company Secretary

Encl: as above

MD's statement for AGM – FY23

Good morning shareholders and colleagues.

Welcome to the 29th Annual General Meeting of Linc Ltd, being conducted virtually!

FY23 has been an exciting year for the Company after the turbulent periods in 2020 and 2021. We not only weathered the storm of the COVID-19 pandemic, but also reinvented ourselves by concentrating on profitability and cash flow, expanding the distribution footprint, accelerating growth and strengthened the Pentonic, as well as Linc brand.

As informed at the last AGM, the steps taken to bring back Linc on profitable growth momentum, have yielded very promising results. In F23, Linc posted its highest ever Revenue and PAT of Rs.486.8 Crs and Rs.37.4 Crs respectively. Revenue grew by 37% over FY22 whereas PAT was 4.6 times higher over that of FY22. Export revenue was also strong and contributed over 20% to our topline. The support of Pentonic, enabled the Company to increase the selling price of products under Linc portfolio also. This resulted in EBITDA margin almost doubling from 6.9% in FY22 to 13.3% in FY23. The Board has recommended a **Dividend of Rs.5 per share**, (highest ever since inception) as compared to Rs.1.80 per share in FY22.

The Company remain focused on maintaining zero debt and a lean Balance Sheet and hence could improve the returns ratios. The Return on Capital Employed improved from 15.3% in FY20 to 28% in FY23 whereas Return on Equity improved to 23% as compared to 14.9% in FY20. The market capitalisation of Linc as on 31st March 2023 was Rs.786 crores as compared to Rs.294 crores on 28th February, 2020. It was Rs.914 Crs as 25th August, 2023 on before touching peak of Rs.1200 Crs on 2nd June, 2023.

FY24 Qtr1

Results for Qtr1 of FY24 were adopted by the Board on 31st July, 2023. During Q1FY24 the company's operating income grew by 14.2% from Rs 97.94 crs in Q1FY23 to Rs 111.88 crs. Q1FY24 profit after tax stood at Rs. 7.39 crs, up from Rs. 4.38 crs in the previous year same quarter. Q1FY24 EPS stood at Rs. 4.97 versus Rs. 2.95 in the previous year same quarter.

The company has also been able to broad base its penetration across India and hence the share of revenue from south and west zones has increased from 27% in FY19 and 36% in FY23 to 43% in Q1FY24.

Pentonic sales continued to grow, with its share increasing to over 36%. With its uniqueness of design and its perceived value, Pentonic has become one of the leading brands in the affordable segment of the writing instrument industry in India. Since its launch in FY 2019, Pentonic is now a Rs 150 cr + brand, which is a rarity in the writing instrument industry.

The Company finally launched "Pentonic G-RT", fourth Pentonic variant, a retractable gel pen priced at Rs 40. Three more products which are under development and likely to be launched within this financial year.

The company is progressing well with Deli and achieved a turnover of Rs. 6.4 crs in Q1FY24 as against Rs. 4.98crs in Q1FY23. The revenue share of Deli also increased from 4.7% in Q4FY23 to 5.8% in Q1FY24. We expect to generate a top line of at least Rs. 75 crs by FY 25.

On the back of strong demand for the company's products, better product mix and improved margins, the company is targeting a topline of about Rs. 750 crs by FY25. During this period the share of Pentonic revenue is expected to grow to around 40%. We expect to achieve an annual operating

EBITDA margin of about 15 % by FY25. With ongoing modular expansion at Gujarat, adjacent to our existing factory and judicious use of debt, we also expect ROE to be above 21%.

Future Initiatives

Linc was looking for a manufacturing footprint in Africa, as it has a huge market for writing instruments. Hence it acquired 60% stake in Gelx Industries Ltd, Kenya, which is located in Kenya.

The total cost of acquisition is US\$100 which will be backed up with an interest loan upto a maximum of US\$500,000.

With this acquisition, we expect to grow our African business rapidly. Kenya itself is a big market, further it is centrally located and can be a supply hub to other countries in Africa.

Linc plans to manufacture the globally accepted – Pentonic brand of writing instrument in this Kenya factory. Few critical component for the pen will be supplied from India and balance components required to make a complete pen will be manufactured by Gelx Industries Ltd, Kenya. Gelx initially will cater to the Kenyan market but gradually will extend supply footprints to - not only countries falling under COMESA region of Africa; but also business will be explored in other African countries.

This arrangement will enable Linc to manufacture closer to the market – reduce logistic cost as well tariff incidence and inspire the confidence amongst African trade partners of quicker delivery.

Linc has also formed a subsidiary company Morris Linc Pvt Ltd, which will be a Joint Venture between Linc & Morris. Morris is a leading global writing instrument and stationery player based out of South Korea having a portfolio of a few patented products. Morris was looking to start its manufacturing base in India and found Linc to be an ideal partner for this venture. Linc will be the majority shareholder with an extra golden share. The plan is at its initial stage and the specifics are being worked out.

ESG

Linc is committed on its environmental responsibility, with a goal of creating a better and sustainable future for all. Our team is focused on reducing freshwater consumption in manufacturing process and ensuring that the waste generated during manufacturing process is reused, recycled or repurposed. The Company increased the consumption of environmentally friendly packing materials, which not only prevented creation of tons of plastic waste but also moderated cost for the Company.

Linc's social spends for promoting healthcare & education and eradicating hunger during FY23 was at 2% of the average profits. In addition to this, as a responsible corporate citizen, the Company is continuously involved in various other social and charitable activities. Linc employs a large women workforce and also a small number of specially abled workforce.

Linc has always endeavored for excellence in governance with clear focus on long-term shareholder value creation and is committed for ethical business practices and transparency.

In conclusion

I would like to place on record my deep sense of gratitude to my colleagues on the Board for their valuable counsel and guidance, while adhering to high standards of corporate governance. I would also like to acknowledge dedicated contribution of our stakeholders - channel partners, distributors, suppliers and employees.

On behalf of the Board, I thank you, dear shareholders, for your continued faith in Linc and its ongoing growth journey.