



2nd November 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: Strategy Presentation

Please find enclosed herewith the Strategy Presentation for the quarter/ half yearly ended 30th September, 2023.

Thanking You

Yours faithfully

For LINC LIMITED

KAUSHIK RAHA  
Company Secretary

Encl: as above



# H1 FY 24 November 2023

NSE : LINC  
BSE : LINC  
Bloomberg : LINC:IN

# STRATEGY PRESENTATION.

Linc Limited  
(formerly Linc Pen and Plastics Limited)

# Safe Harbour Statement.

This presentation may contain certain “forward-looking statements” within the meaning of applicable securities laws and regulations, which may include those describing the Company’s strategies, strategic direction, objectives, future projects and/or prospects, estimates etc. Investors are cautioned that “forward looking statements” are based on certain assumptions of future events over which the Company exercises no control. Therefore, there can be no guarantee as to their accuracy and readers are advised not to place any undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These statements involve a number of risks, uncertainties and other factors that could cause actual results or positions to differ materially from those that may be projected or implied by these forward-looking statements. Such risks and uncertainties include, but are not limited to; growth, competition, acquisitions, domestic and international economic conditions affecting demand, supply and price conditions in the various business's verticals in the Company’s portfolio, changes in Government regulations, laws, statutes, judicial pronouncement, tax regimes, and the ability to attract and retain high quality human resource.

# Inside this Presentation.

**Executive Summary**

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**Industry Outlook**

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**LINC 2.0**

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**Financial Snapshot**

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LINC  
Who are we?.

# A Leading Writing Instrument Company.



- Among Top 3 brands in India for Writing Instruments.
- Presence in the affordable segment for over 4 decades.

- New Writing Instrument brand launched in FY19 by Linc in MRP ₹10 and above segment.
- Known for its super smooth writing and sleek design.

- Global brand from Mitsubishi Pencil Co. Ltd, Japan.
- Presence across all categories of Writing Instruments – Roller Pen, Gel Pen and Ball Pen.

- Asia's largest stationery giant.
- Presence across all stationery categories with over 2000 Products.



- Linc Ltd. is one of India's largest writing instrument companies with 6.6% market share in the writing instrument segment as of FY 23
- National and international presence in over 50 countries
- Strong and extensive network in Southeast Asia, Middle East, USA, UK, Europe, South America, Africa, Russia and CIS countries
- India's exclusive importer and distributor of Asia's largest stationery giant; Deli and world-famous pen brand Uni-ball; Mitsubishi Pencil Co., Japan



# With State-of-the-Art Manufacturing Facilities.



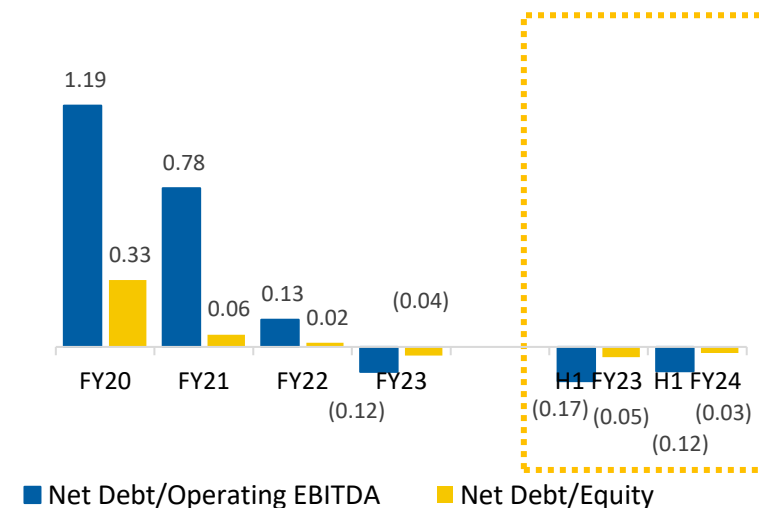
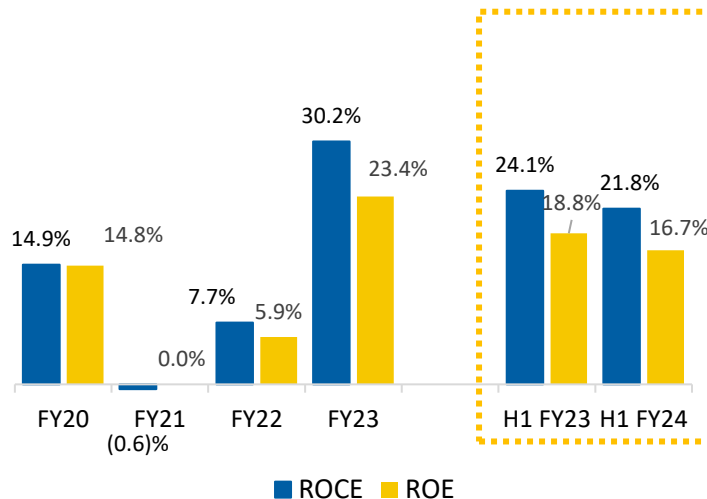
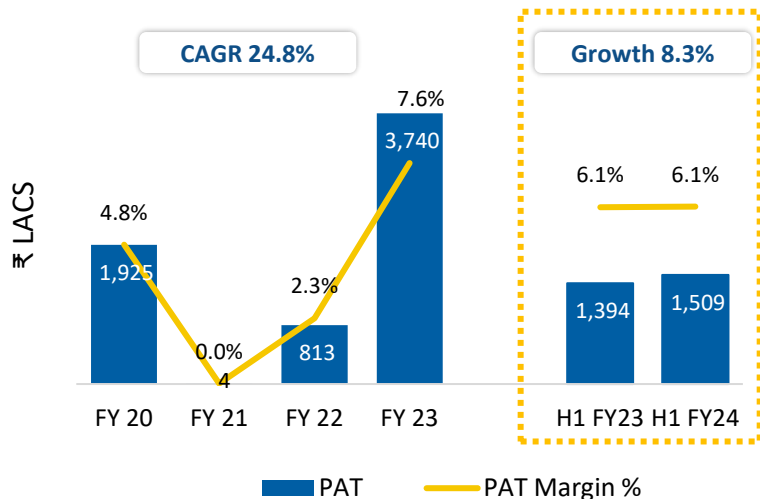
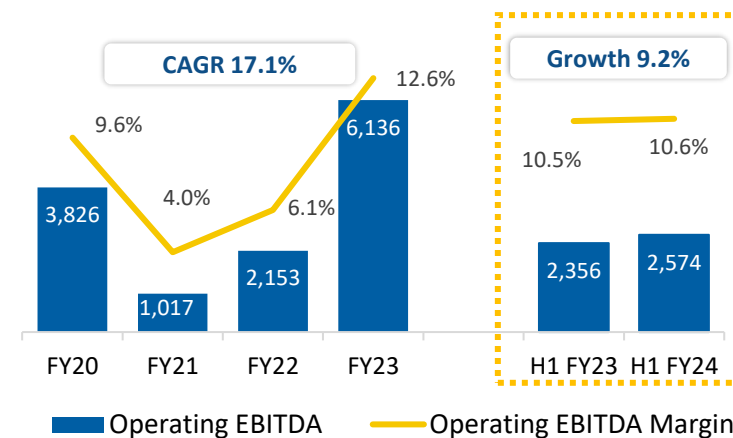
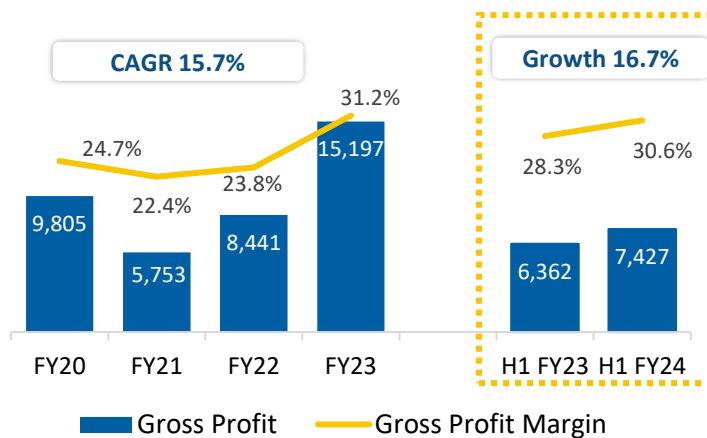
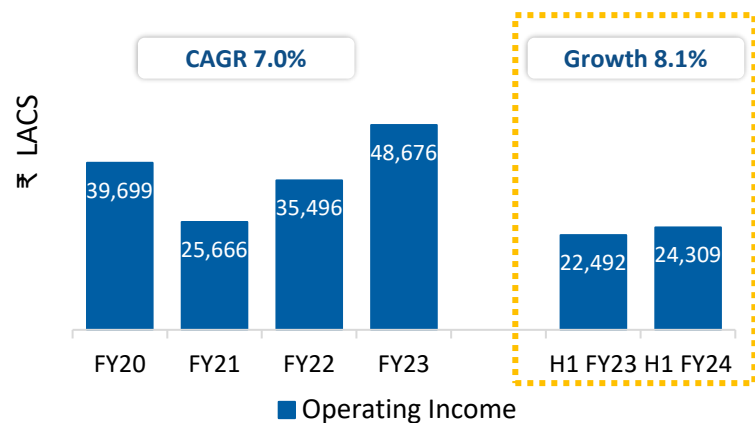
- Manufacturing Facility at Serakole in West Bengal
- Plant at Serakole was established in 1984



- Manufacturing Facility at Umbergaon, Gujarat with plans in place to double the capacity
- Plant at Umbergaon was established in 2017

[Umbergaon Manufacturing Facility](#)

# Trend of Financial Performance.





# Leadership.

## MR. DEEPAK JALAN

### Managing director,

- Commerce graduate with 37 years of experience
- Responsible for the overall operations with a specialization in international operations
- Responsible for the Company's strategic direction

## MR. ALOKE JALAN

### Whole time director,

- Commerce graduate with 32 years of experience in the business
- Looks after the Company's marketing operations with special emphasis on Western and Southern regions

## MR. ROHIT DEEPAK JALAN

### Whole time director,

- BA Hons. in Management studies from University of Nottingham, UK and PG Diploma in Business Management with specialization in Marketing
- Heading International Business and Marketing Department of the Company

## MR. N.K.DUJARI

### Director finance & CFO,

- Chartered Accountant with 34<sup>th</sup> Rank (All India) and a Company Secretary
- Alumnus of St. Xavier's College, Calcutta with over 34 years of professional experience in varied fields
- Joined Linc in the year 2000

## MR. ANIL KOCHAR

### Independent, Non-executive director,

- Postgraduate in Commerce and LLB
- An eminent advisor on income tax matters

## MS. SUPRIYA NEWAR

### Independent, Non-executive director,

- Author, Writer and a Communications specialist with over two decades of invaluable experience
- Believes in both the beauty and the might of the pen

## MR. NARESH PACHISIA

### Independent, Non-executive director,

- Founder & MD, SKP Securities Ltd.
- SKP Securities Ltd is Eastern India's leading investment banker, wealth manager and stockbroker with over 40 years' experience in capital markets

## MR. SANJAY JHUNJHUNWALLA

### Independent, Non-executive director,

- Commerce graduate with over 35 years of experience across diverse areas
- Specialization in retail-driven growth
- Whole Time Director & driving force behind Turtle India

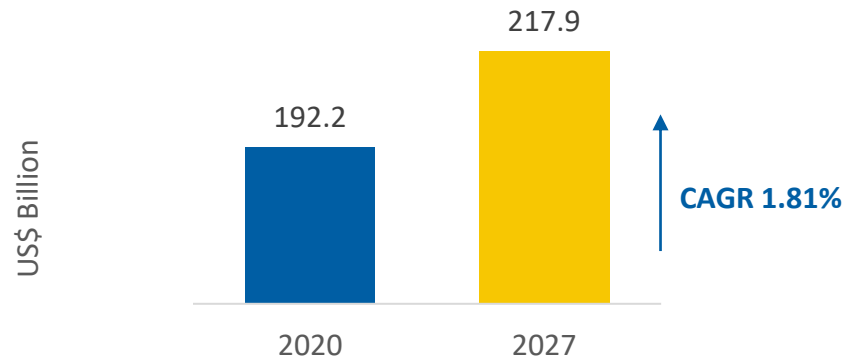




# Industry Outlook.

# Global Stationery Industry Opportunity.

## Global Stationery Products Market



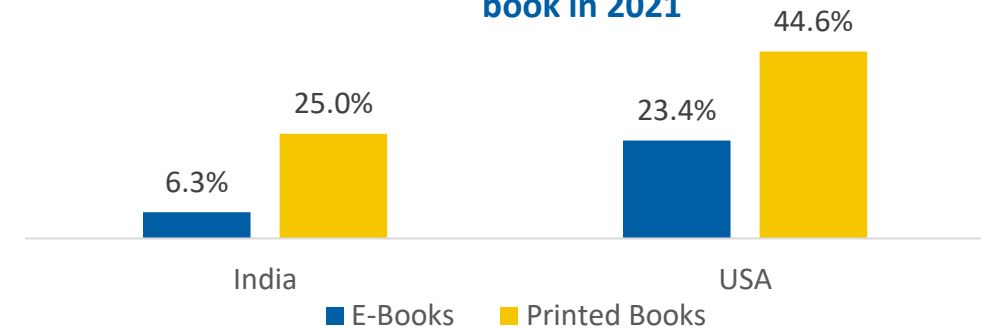
## Market Segments

- US Market estimated at \$52 Bn
- China Market at \$33 Bn, to grow faster @ 3.6% CAGR
- Japan to grow at 0.2% only, while Canada to grow at 1.3%
- Education sector held the largest share of the market at 45.3%
- The stationery industry is divided into paper and non-paper stationery, the latter accounting for the larger share

## Growth Drivers

- Rising inclination towards higher education
- Demand from corporate sector
- Increase in customized and personalized stationery
- Increased literacy rate in the developing world

## Share of population that purchased e-book/printed book in 2021

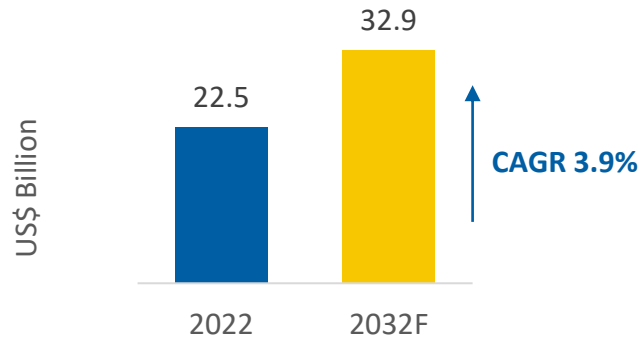


## Trends

- Despite digitization over the past few years, **print medium continues to be dominant for readers** which argues well for writing instrument and stationery
- Licensed collaboration with numerous child-based TV Channels are prompting manufactures to **print popular cartoon characters on stationery products.**

# Global Writing Instrument Industry Opportunity.

Global Writing Instruments Market



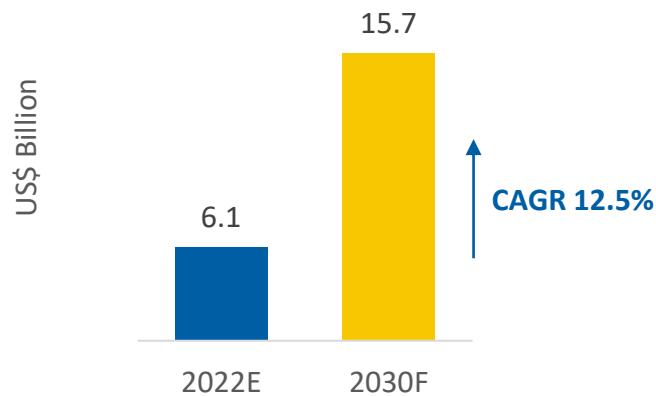
Share of Relevant Market

	2020	2027
Ball & Gel Pen	36%	41%
Roller	9%	9%
<b>Total</b>	<b>45%</b>	<b>50%</b>

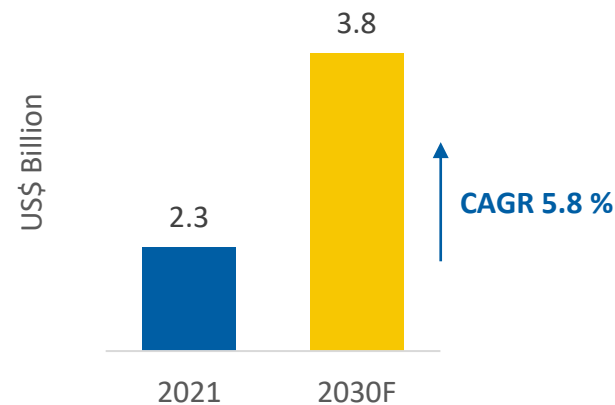
Writing & Marking Instruments Market Size

- The USA is estimated at US\$4.7 Billion in the year 2022.
- China is forecasted to reach a projected market size of US\$8.7 Billion by the year 2030 at CAGR of 14.7% by 2030
- Japan and Canada, each forecasted to grow at 4.6% and 7.7% respectively over the 2022-2030 period, while Germany is forecasted to grow at ~ 5.6% CAGR.

Global Ball Point and Gel Pen Market



Global Luxury Pen Market

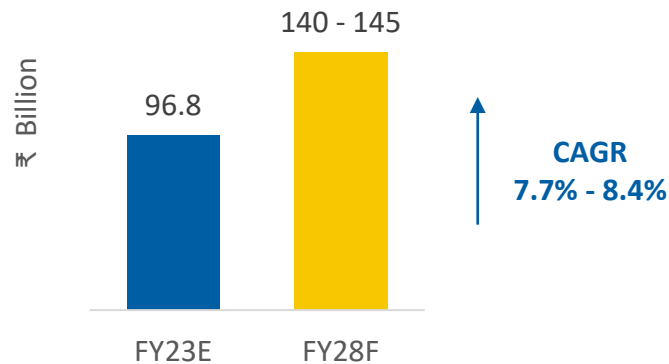


Growth Drivers

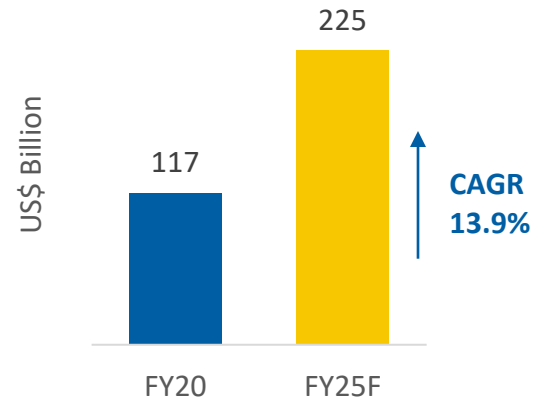
- Rise in education in 3rd world countries
  - Rising trend of corporate gifting
  - Demand for Luxury Instruments
- Corporate gifting market at \$120 bn
  - Colouring instrument demand growing faster, due to surge in demand for highlighters, markers, etc
  - Pens continue to be the largest share at ~ 60%

# Opportunity in Indian Market.

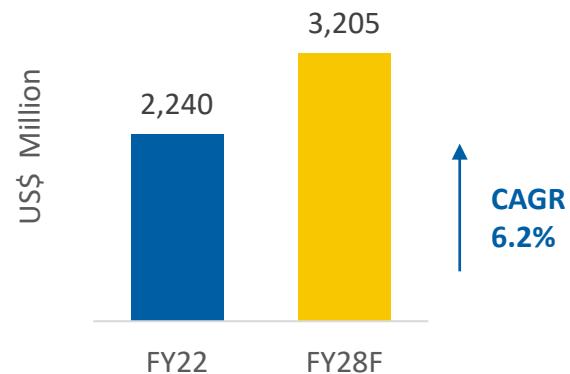
## Indian Writing & Creative Instruments Market



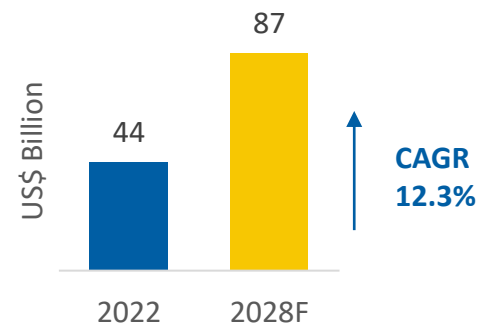
## Indian Education Industry



## Indian School Stationery<sup>1</sup> Supplies Market



## Indian Schools Market



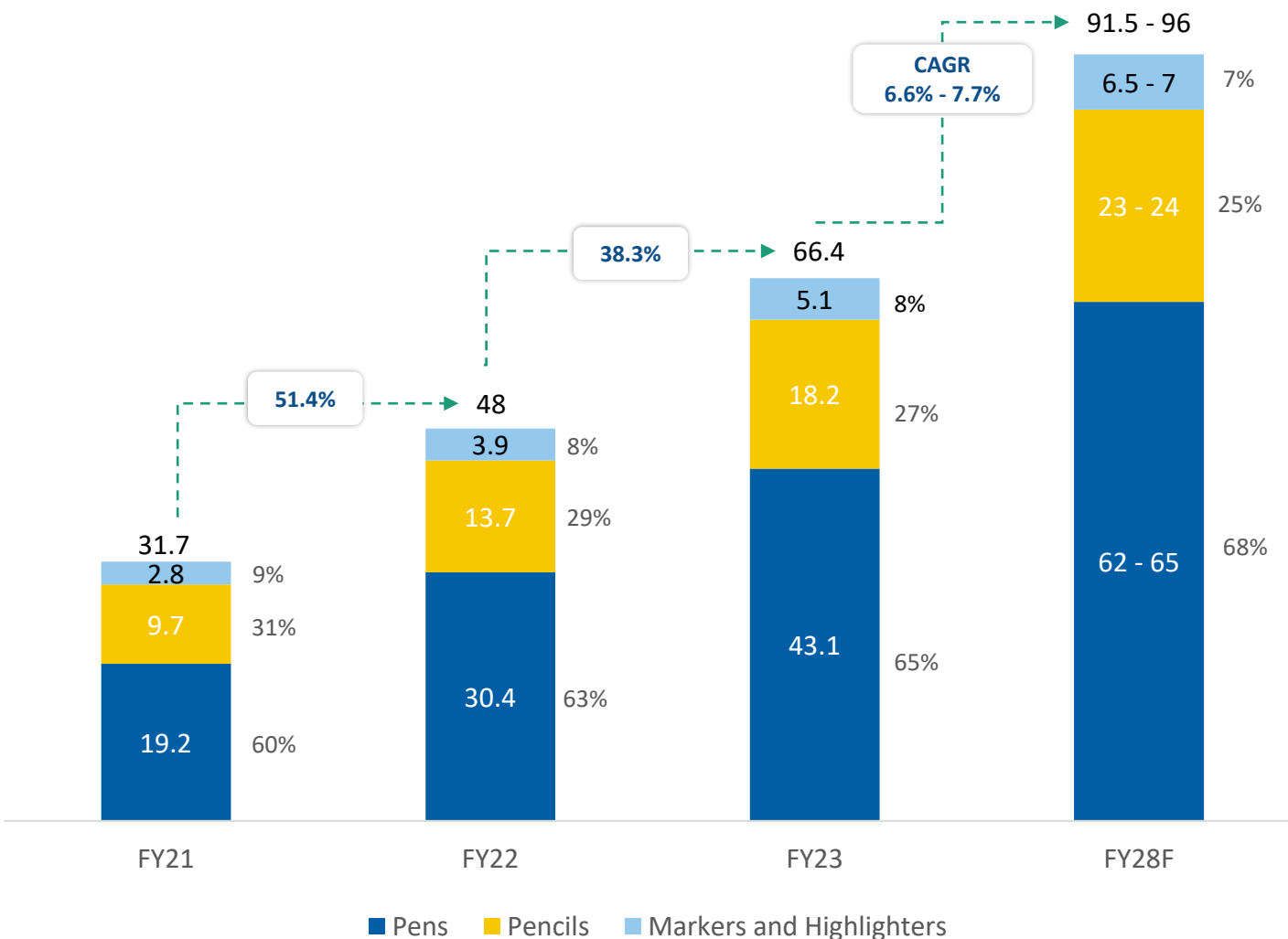
## Writing Instruments Market Growth Drivers

- **Rising Populations:**
  - Largest population in age bracket of 5-24 years ~580 million.
  - Indian working population to grow ~20% and education market to grow ~ 14% , hence Writing Instrument growth prospects are very strong
- **Over 250 million school going students and over 38 million students enrolled in higher education**
- **Rising literacy rate:** Govt. initiative such as **Sarva Shiksha** has strengthened India's literacy from 65% in 2001 to ~77.70% in 2021. The objective of attaining 100% literacy levels by 2025 could have a positive impact on the writing instruments sector.
- **Educational Spending :** Budget estimates for 2023-24 show that the government will spend ₹ 1.12 lakh crore in the coming fiscal year on education – the highest ever and an increase of around 8.2% than what was pegged in 2022-23
- **NEP 2020** aims to achieve 100% GER<sup>2</sup> by 2030 in pre-school-secondary level. Policy also seeks to increase public investment in education to 6% of GDP from 2.5% in fiscal 2024 budgetary estimates.

# Indian Writing Instrument Industry Opportunity.

## Indian Writing Instruments Market

at Manufacturer's Realization, in ₹ Billion



### Indian Pen Segment

- Demand is driven by students and working-class population
- As of FY23 Pens occupy 65% share in Writing Instruments, and expected to increase market share to 68% by FY28
- Pen Market is expected to grow at a CAGR of 7.5% - 8.5% from ₹ 43.1 Bn in FY23 to ₹ 62 - 65 bn in FY28.

### Indian Pencil Segment

- Pencil is the primary writing instrument till class 5<sup>th</sup>, and hence demand is driven by students in class 5<sup>th</sup> and below.
- Wooden pencils continue to dominate the market despite innovations like mechanical pencils.
- Pencils are expected to grow at a CAGR of 4.5% - 5.5% from ₹ 18.2 bn in FY23 to ₹ 23 - 24 bn in FY28.

### Indian Marker and Highlighter Segment

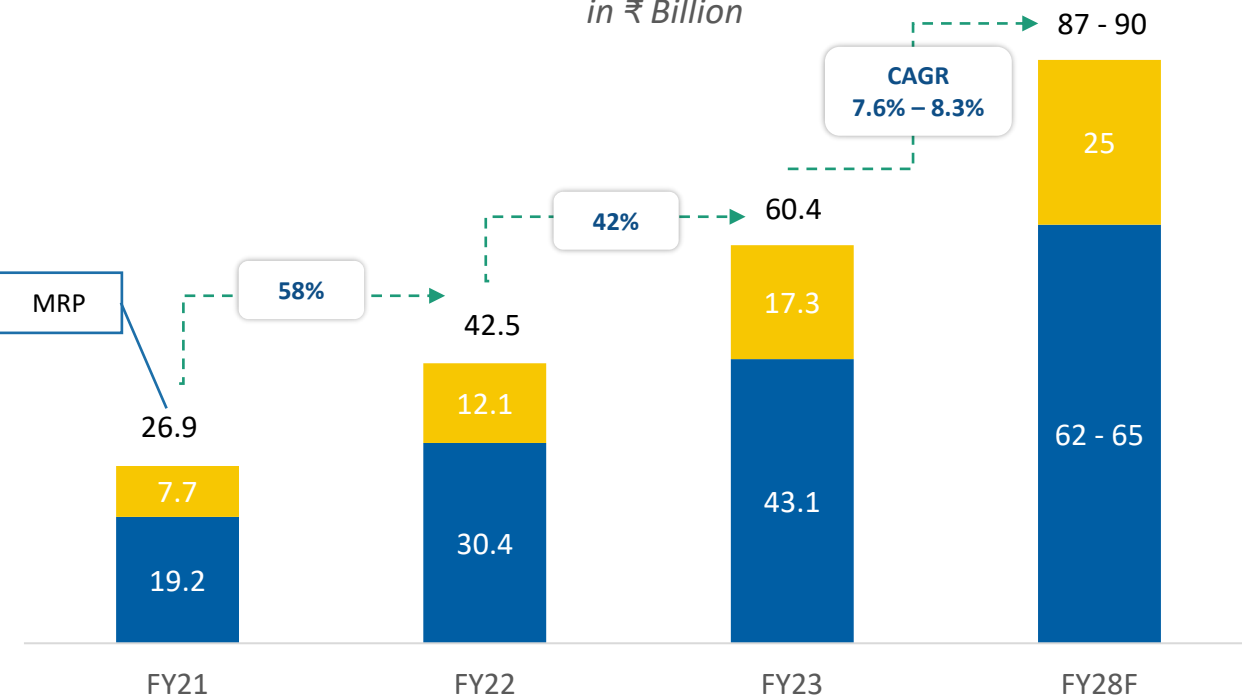
- Markers are primarily used by office workers, white board markers being the most popular choice in office workers and students.
- Marker and Highlighter Market is expected to grow at a CAGR of 5% - 6.5% from ₹ 5.1 bn in FY23 to ₹ 6.5 - 7 bn in FY28.



# Indian Writing Instrument Industry Opportunity.

Indian Pen Segment Market Size

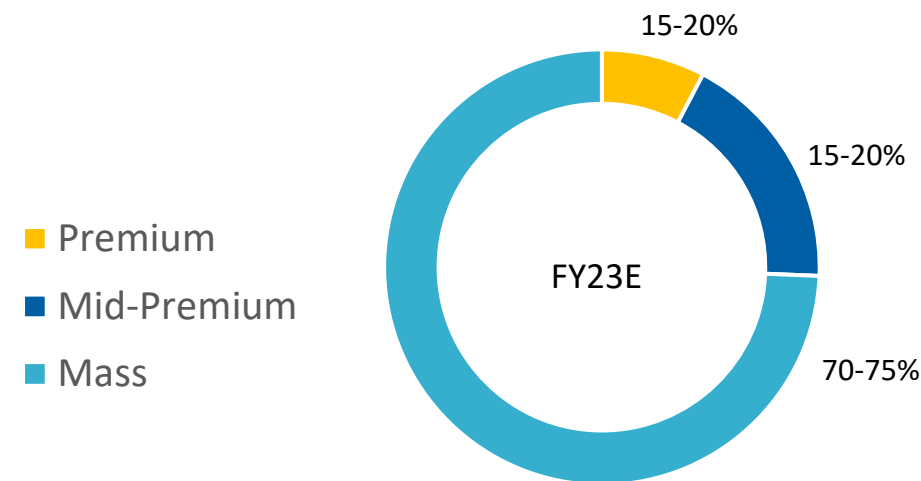
in ₹ Billion



■ Pen Segment at Manufacturer's Realisation ■ Margin earned by Distribution Channels

- The Indian pen industry is characterised by a wide range of options at various price levels, each with distinct value propositions
- Market for Pen below ₹ 15 growing at ~8% & above ₹ 15 growing at ~ 10%
- **Linc**, Cello, Flair, and Reynolds are the major players in the Indian pen market in the mass segment category
- Numerous brands offer bundled packs of 5 pieces or above, allowing them in pricing units at odd multiples

Indian Pen Market subsegments



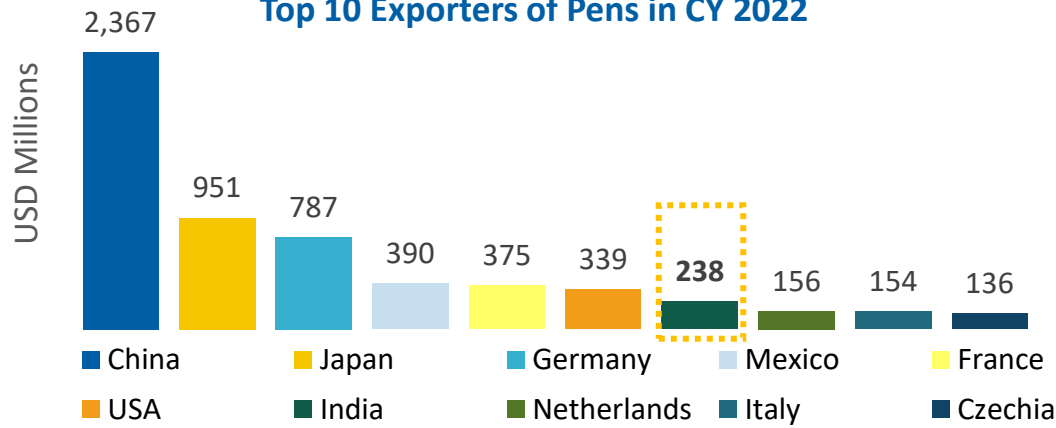
■ Premium  
■ Mid-Premium  
■ Mass

Pen Subsegments	Price Criteria
Mass Market	Rs. 5 - 15
Mid Premium	Rs. 16 - 100
Premium	> Rs 100

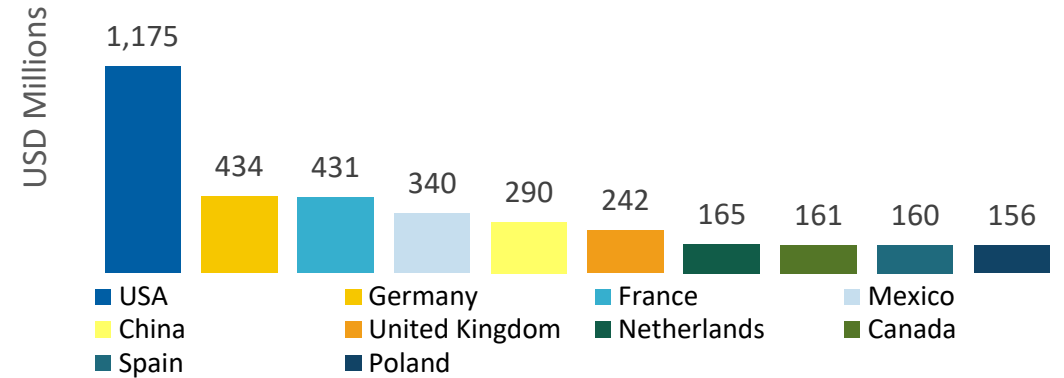
- **Mass Market Pens** are driven by volume, this subsegment is highly competitive (price denominations play a crucial role in salability).
- It is difficult to increase price without losing significant sales. Students drive the demand, deep retail penetration is essential
- **Premium Pens** are driven by price, this subsegment is characterized by high brand leverage, as the premium is built on product branding. Focus is on Professionals and Corporate Gifting

# Pens - Global Trade Perspective.

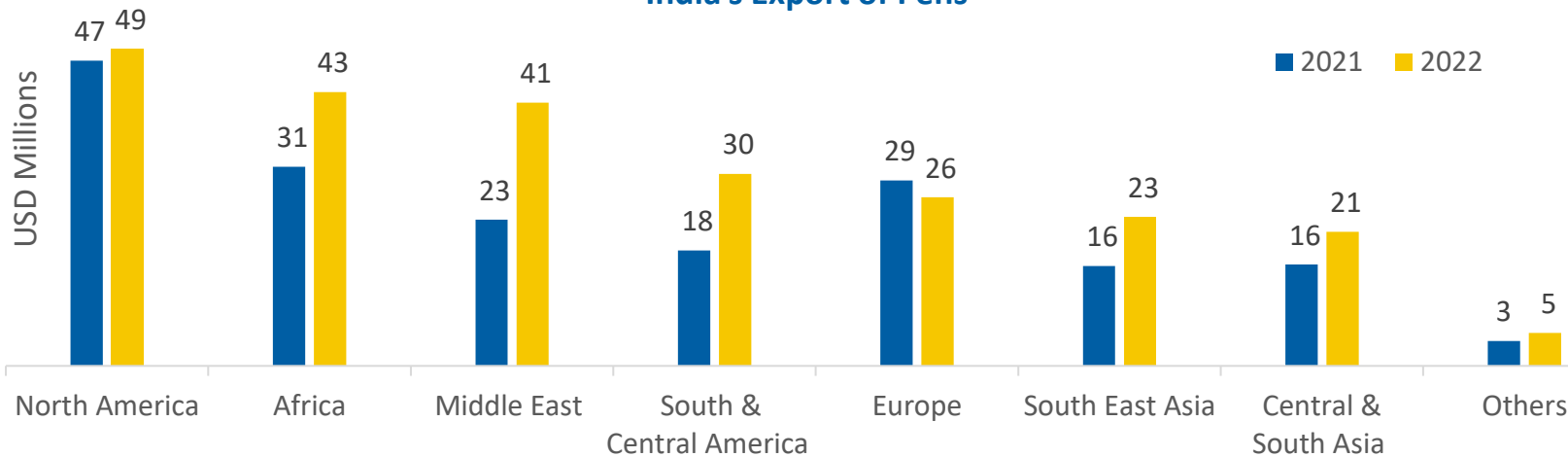
**Top 10 Exporters of Pens in CY 2022**



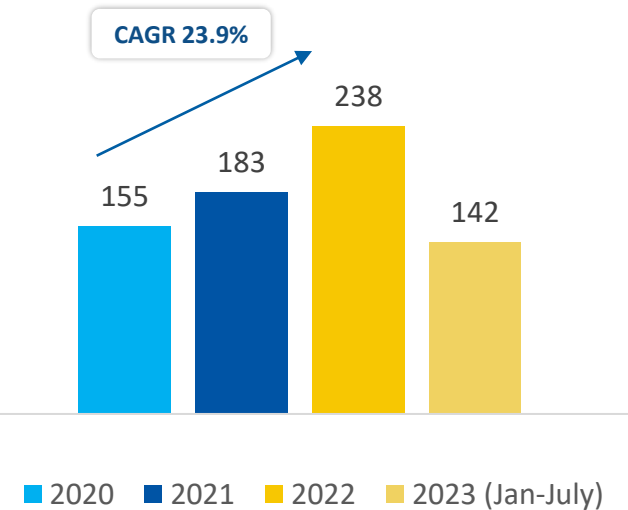
**Top 10 Importers of Pens in CY 2022**



**India's Export of Pens**



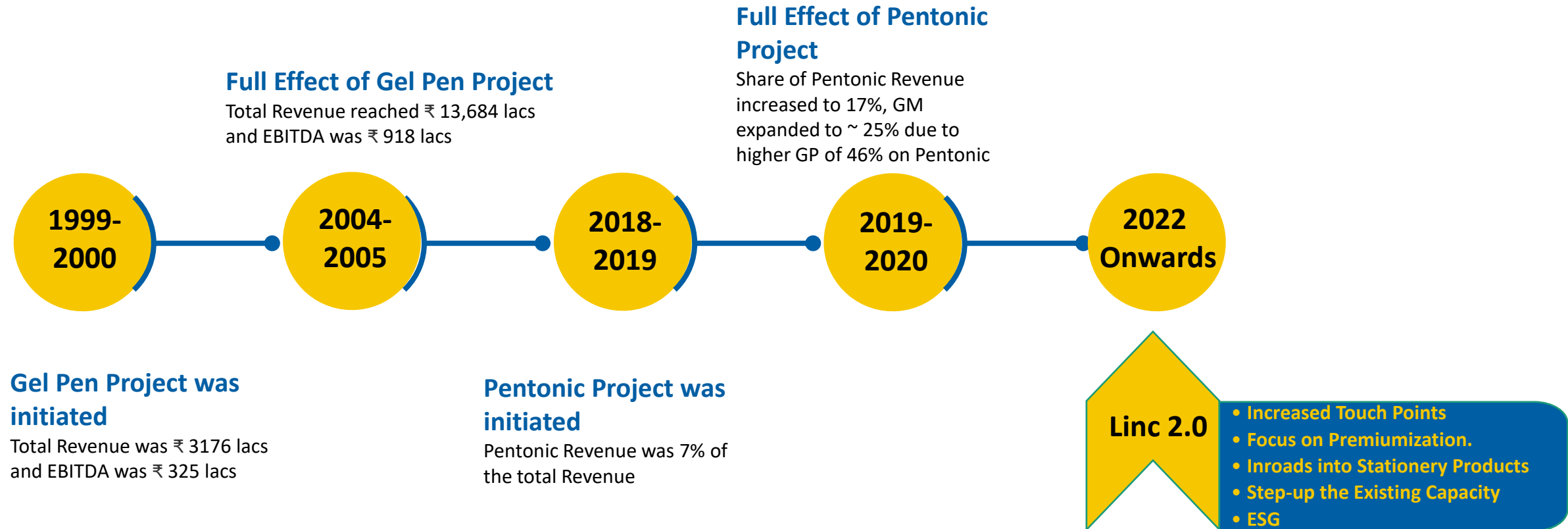
**Pen Exports from India**



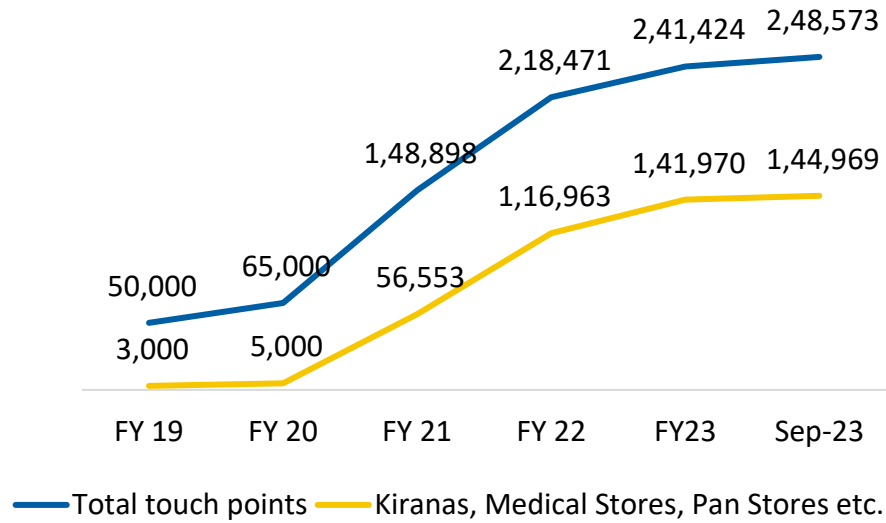


# LINC 2.0.

# Evolution to Linc 2.0.

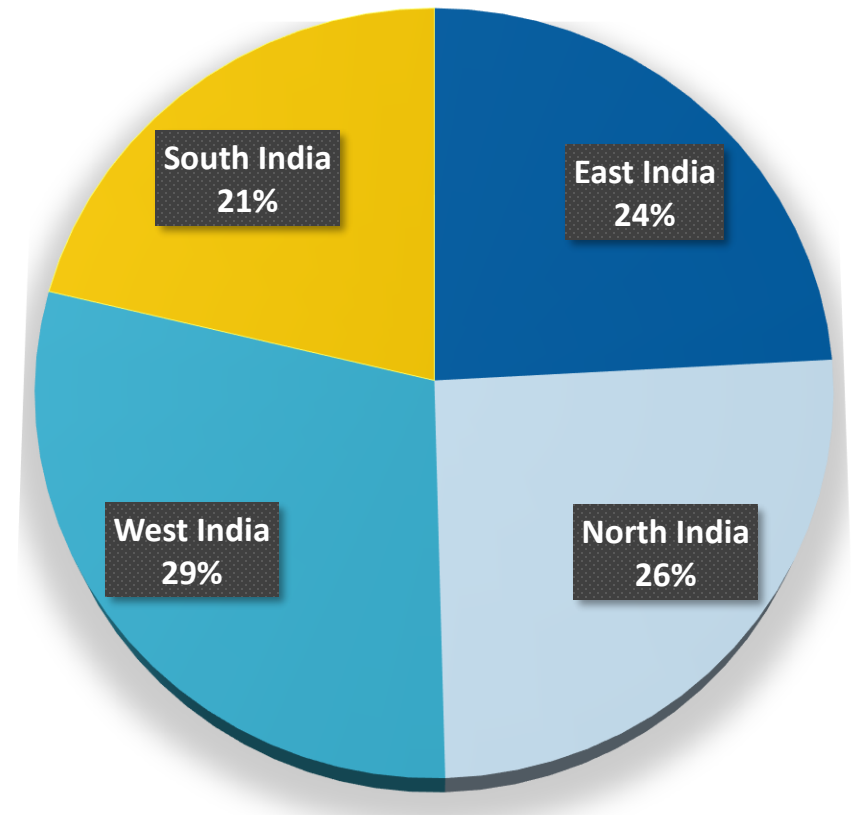


# Increased Touch Points...



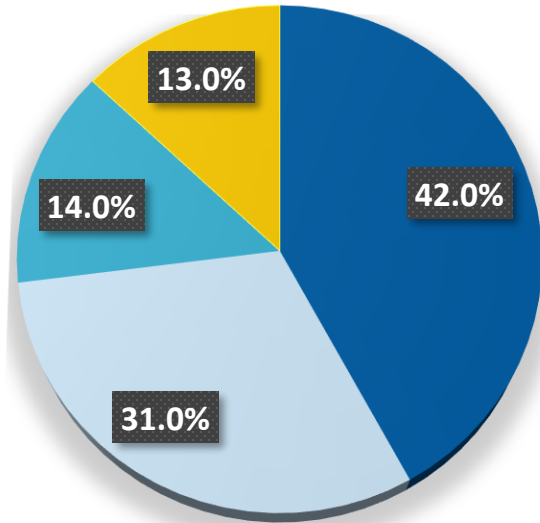
- India has over 10 Mn non-stationery outlets
- Broken tradition by expanding to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.)
- We have already crossed the milestone of 1 lakh non-stationery outlets
- The company targets to reach 5 lakh touch points by FY 25

## Break-up of Region wise Touch Points – Sep' 2023

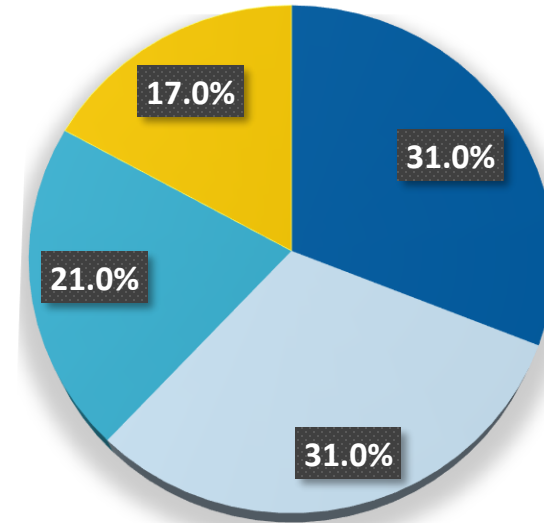


# ...Resulting in Broader Penetration Across India.

Revenue Share FY19



Revenue Share H1 FY 24



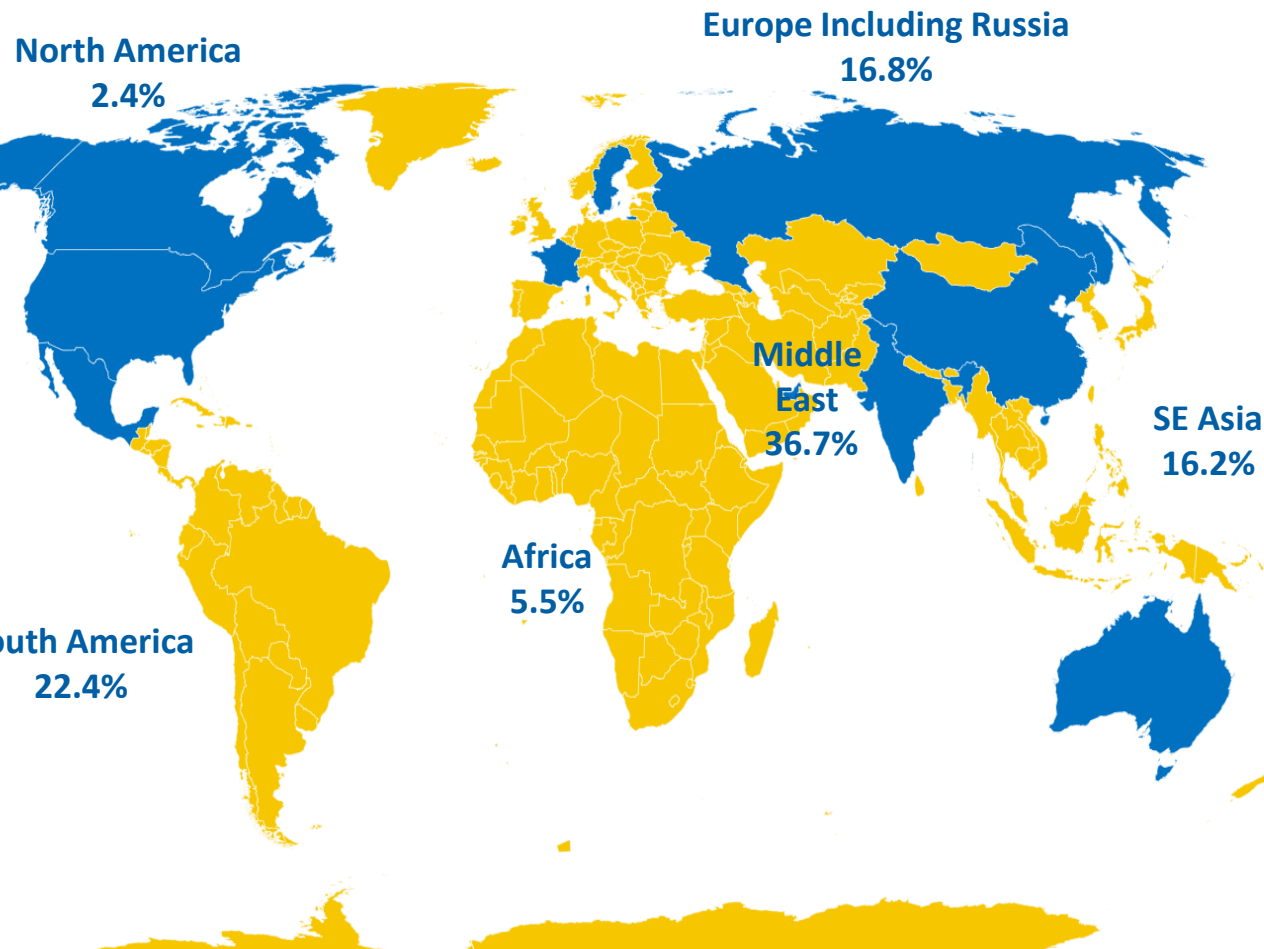
- East India
- North India
- West India
- South India

Increasing footprint in West and South India and steadily moving towards a more homogenous presence across India



# Increasing it's Global Footprint As Well.

## Linc's Geographic Reach – H1 FY 24.



Pen Exports from India - 2022	Value USD Millions	Growth over 2021
South & Central America (SA)	30	66%
Middle East (ME)	41	80%
Africa	43	38%
South East Asia (SEA)	23	49%
<b>Total Exports</b>	<b>238</b>	<b>30%</b>

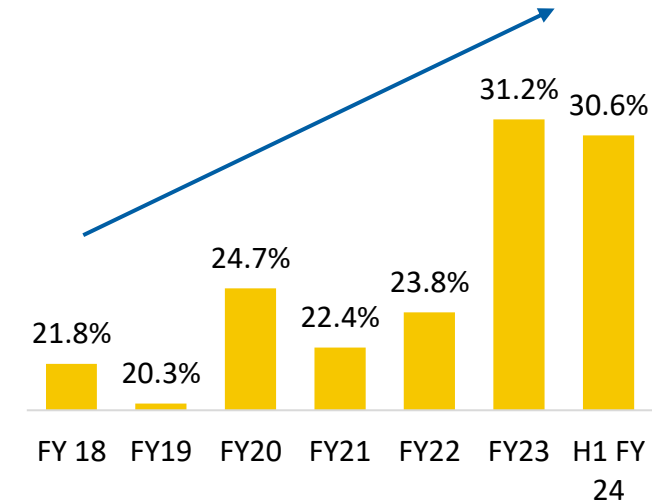
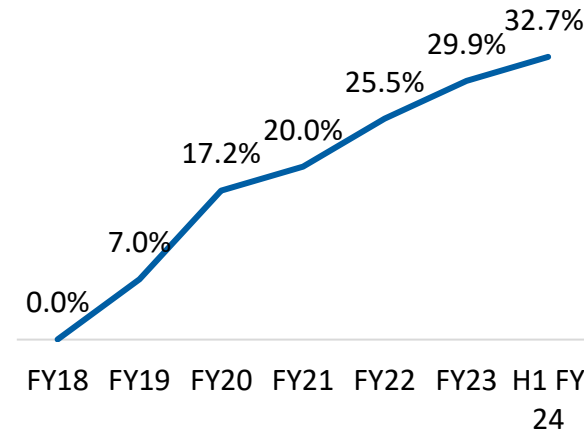
- Global Ball & Gel Pen demand expected to grow at a CAGR of 12.5% over the next 7-8 years
- Demand to grow faster in the developing world
- Increasing literacy in the developing world to drive this growth
- This poses excellent opportunity to increase exports to the developing world
- While overall export of pens from India grew by 30% in 2022, Africa, ME, SEA & SA grew at a much higher rate
- Linc exports at ₹ 3,808 lacs is ~ 16% of it's revenue in H1 FY 24
- Linc to continue its focus on exports to SEA, ME & SA
- To improve penetration in the fast-growing African market, the company has acquired a majority stake in Kenyan manufacturer & seller of writing instruments

# Focus on Premiumisation.

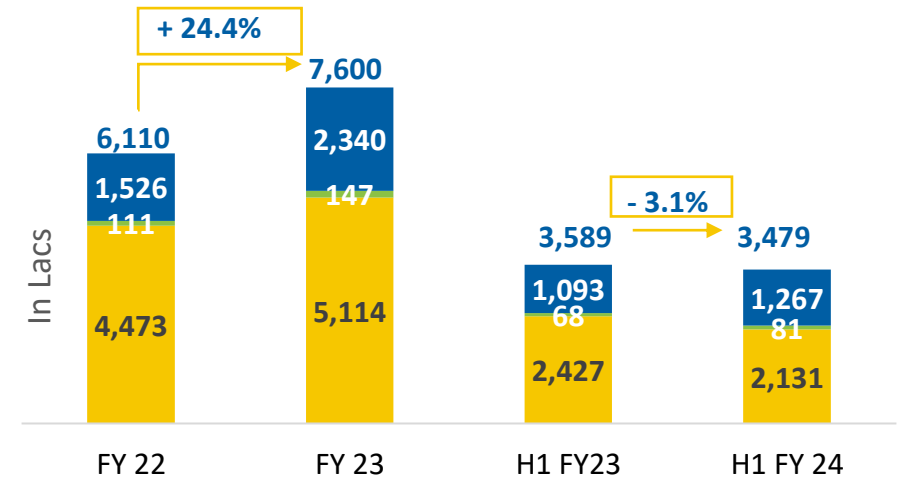
- Pentonic brand introduced in FY19 as a minimalistic yet contemporary pen, known for its aesthetics as well as writing smoothness
- Positioned at ₹ 10 + segment, Pentonic's GPM is ~ 41%
- Increase in share of Pentonic in total revenue leading to higher GPM at the company level. Pentonic volume grew ~ 15.9% in H1 FY24 over H1 FY23
- New Launches in the upcoming quarters will drive premiumization

## Pentonic Launches in upcoming quarters

Type of Pen	Launch Quarter
₹ 40 Retractable Gel Pen	Q2 FY24 – Q4 FY24
₹ 10 Ball Pen (Variant)	Q3 FY24
₹ 20 Ball Pen (Variant)	Q3 FY24
₹ 20 Ball Pen	Q4 FY24 - Q1 FY25
₹ 30 Gel Pen	Q4 FY24 - Q1 FY25



— Pentonic Share in Revenue      ■ Company GPM



Volume of Pens Sold  
 ■ Linc   ■ Uniball   ■ Pentonic

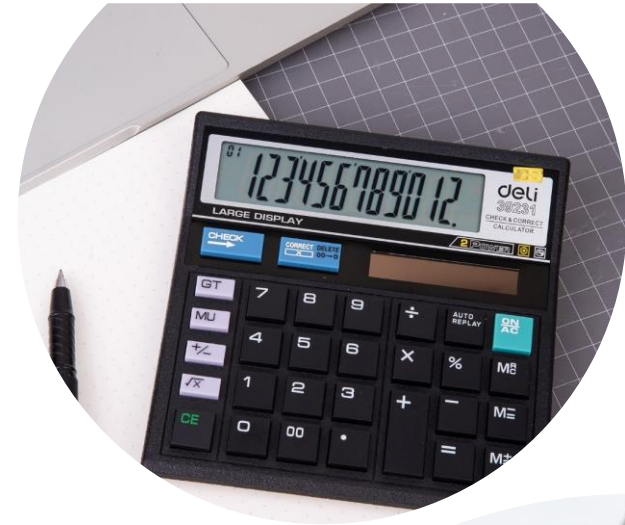
# Typical Price Waterfall.

Particulars	Pentonic Ball Pen	Others
<b>MRP</b>	<b>₹ 10.00</b>	<b>₹ 10.00</b>
Retailer Margin	₹ 2.50	₹ 3.25
Distributor Margin	₹ 0.48	₹ 0.47
Super Stockist / Channel Partner Margin	₹ 0.28	₹ 0.25
GST (For entire value chain)	₹ 1.14	₹ 1.03
<b>Company's Realisation</b>	<b>₹ 5.60</b>	<b>₹ 5.00</b>



# Inroads into Stationery Products.

- Targeting over ₹7,500 lacs topline by FY25
- Deli offers a range of over 200 products in India
- Company to largely focus on Calculators & Scissors
- Deli should contribute at least 10 % of company's revenue by FY25
- Deli's GPM is around 20%
- Deli has achieved the revenue of ₹1,619 Lacs in H1 FY'24





# ESG.

## Environment

- Pentonic’s individual plastic wrapper packaging has been consciously substituted with paper box packaging of 10/20pcs.
- This step has saved the planet from around 90 MT of plastic waste in FY23 while also having saved company ~ ₹ 300 lacs in packaging cost

## Social

- Strongly believes in diversity in the workforce and has ~700 female employees at Gujarat
- Employs a small specially-abled workforce, also providing training to these employees to enable efficient performance
- Long-standing partner of “Friends of Tribal Society” in providing support for education & other welfare activities

## Governance

- Consistently endeavored to practice good Corporate Governance
- Believes such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness







# Step-up the Existing Capacity.

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Linc plans to increase its existing capacity at Gujarat from 10 lacs per day to 15 lacs per day in FY'25 & to 20 lacs per day subsequently

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FY'24 demand would be met by the existing capacity & stepping-up outsourcing, which has already been tied up

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Revenue potential of the new facility at full capacity will be ~ ₹15,000 lacs

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Total Project cost ~ ₹5,000 lacs.

Infra Cost of ~₹1,700 lacs will be spent in FY'24 through internal accruals

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Phase 1 Plant & Machinery of ~₹1,800 Lacs in FY'25 & Phase 2 ~₹1,500 Lacs subsequently

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New plant is at the existing location (Umbergaon) to rationalize logistics and economic synergies

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Capacity expansion being phased to align with demand and company's capital allocation strategy

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# LINC Financial Snapshot.

# Half Year Highlights (Cont..)

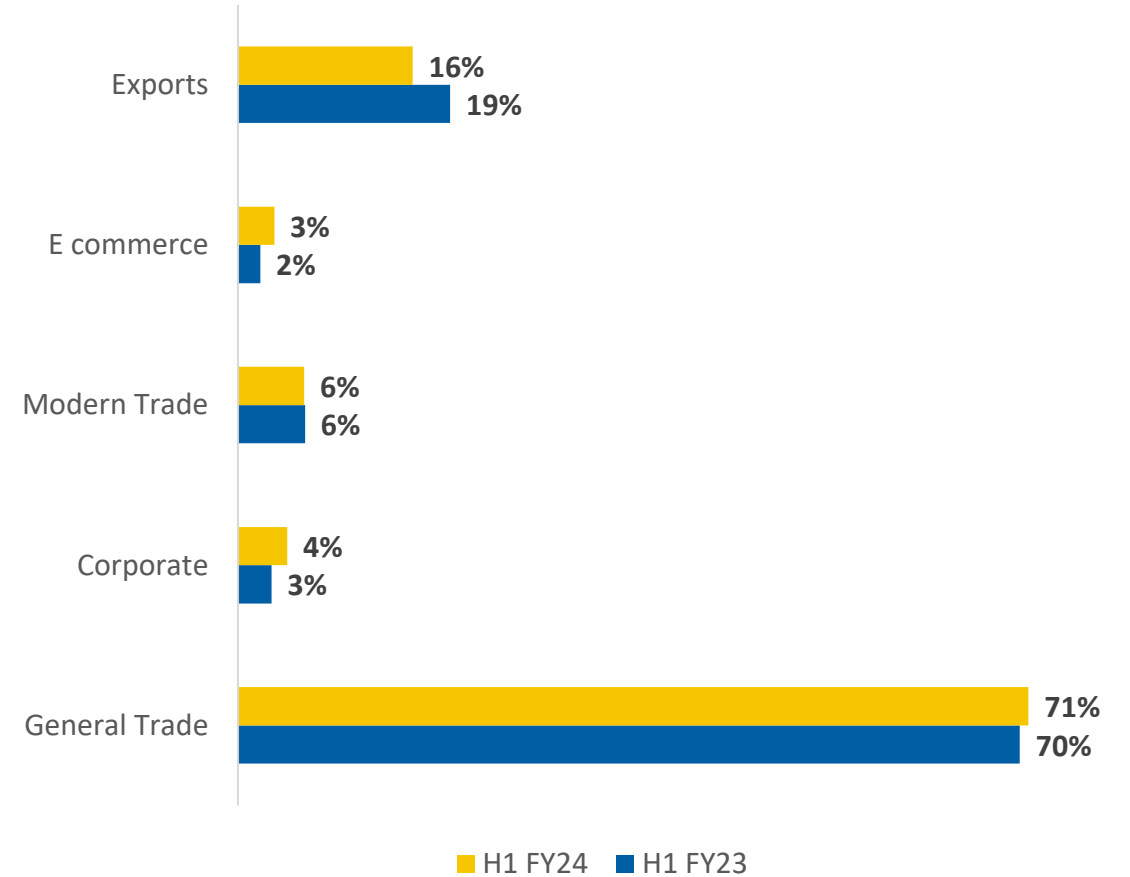
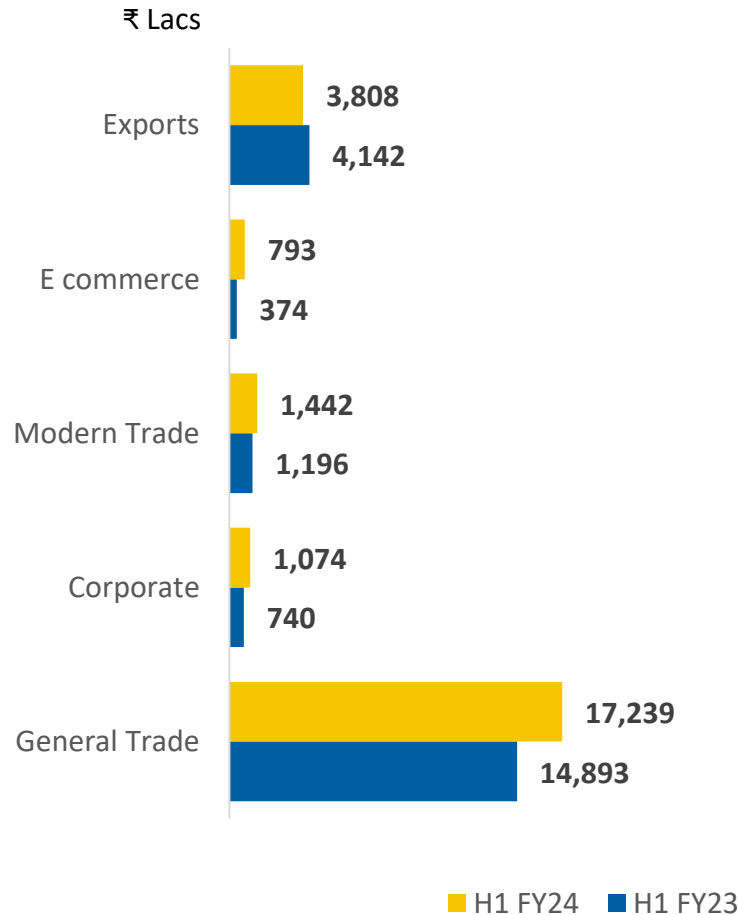
₹ Lacs

Revenue	Writing Instruments			Other Products		
	Own Brands		Licensed Brands	Own Brands		Licensed Brands
	Pentonic	Linc & Others	Uni-Ball	Pentonic	Linc & Others	Deli
<i>H1 FY24</i>	7,598	9,783	3,854	364	1,138	1,619
<b>Sales Contribution (%)</b>	<b>31.2%</b>	<b>40.2%</b>	<b>15.8%</b>	<b>1.5%</b>	<b>4.7%</b>	<b>6.6%</b>
<i>H1 FY23</i>	6,343	10,645	3,002	40	168	1,147
<b>Sales Contribution (%)</b>	<b>29.7%</b>	<b>49.9%</b>	<b>14.1%</b>	<b>0.2%</b>	<b>0.8%</b>	<b>5.4%</b>
<i>Growth YoY</i>	19.8%	(8.1%)	28.4%	809.5%	577.4%	41.2%

Note: Revenue does not include Re-Sale of raw material and export incentive

# Half Year Highlights (Cont..)

## Trade Channel Wise Break-up of Operating Revenue



Note: Revenue does not include Re-Sale of raw material and export incentive

# Profit & Loss Summary.

₹ Lacs

Particulars	FY19	FY20	FY21	FY22	FY23	H1 FY24
<b>Operating Income</b>	<b>36,694</b>	<b>39,699</b>	<b>25,666</b>	<b>35,496</b>	<b>48,676</b>	<b>24,309</b>
Gross Profit	7,434	9,805	5,753	8,441	15,197	7,427
<b>Gross Profit Margin</b>	<b>20.3%</b>	<b>24.7%</b>	<b>22.4%</b>	<b>23.8%</b>	<b>31.2%</b>	<b>30.6%</b>
Operating EBITDA	2,539	3,826	1,017	2,153	6,136	2,574
<b>Operating EBITDA Margin</b>	<b>6.9%</b>	<b>9.6%</b>	<b>4.0%</b>	<b>6.1%</b>	<b>12.6%</b>	<b>10.6%</b>
<b>PAT</b>	<b>515</b>	<b>1,925</b>	<b>4</b>	<b>813</b>	<b>3,740</b>	<b>1,509</b>
PAT Margin	1.4%	4.8%	0.0%	2.3%	7.6%	6.1%
Cash Profit <sup>1</sup>	1,561	3,179	1,273	2,095	5,151	2,262
<b>EPS (₹)</b>	<b>3.48</b>	<b>12.94</b>	<b>0.03</b>	<b>5.47</b>	<b>25.15</b>	<b>10.15</b>

**Note:**

1. Cash Profit = PAT + Depreciation
2. Prior period figures are restated wherever necessary

# Balance Sheet Summary.

₹ Lacs

Particulars	FY19	FY20	FY21	FY22	FY23	H1 FY24
<b>Net Worth</b>	<b>12,337</b>	<b>13,697</b>	<b>13,471</b>	<b>14,285</b>	<b>17,722</b>	<b>18,470</b>
<b>Gross Debt</b>	<b>6,205</b>	<b>4,575</b>	<b>812</b>	<b>299</b>	-	-
Cash & Cash equivalent	11	13	14	9	760	597
<b>Net Debt</b>	<b>6,194</b>	<b>4,562</b>	<b>797</b>	<b>290</b>	<b>(760)</b>	<b>(597)</b>
Capital Employed <sup>1</sup>	19,388	19,199	15,025	15,178	18,730	20,977
Net Fixed Assets (incl CWIP)	7,541	7,870	7,106	8,215	9,038	10,949
Net Current Assets <sup>2</sup>	6,087	7,219	5,437	6,072	7,748	8,154
<b>Total Assets</b>	<b>23,240</b>	<b>24,535</b>	<b>20,046</b>	<b>20,162</b>	<b>23,746</b>	<b>26,231</b>

**Note:**

1. Capital Employed = Net worth + Gross Debt + Other long-term liabilities + Lease Liabilities
2. Net current assets does not include Cash & cash equivalents

# Ratios.

₹ Lacs

Particulars	Ratios	FY19	FY20	FY21	FY 22	FY23	H1 FY24
<b>Solvency Ratios</b>	Net Debt/Equity	0.50	0.33	0.06	0.02	(0.04)	(0.03)
	Net Debt/Op EBITDA	2.44	1.19	0.78	0.13	(0.12)	(0.12)
	EBIT/Interest	2.76	5.26	-0.39	15.81	79.78	18.24
<b>Operational Ratios</b>	Current Ratio	1.68	1.85	1.92	2.14	2.56	2.65
	Fixed Asset Turnover	5.15	5.15	3.43	4.63	5.64	4.87
	Total Asset Turnover	1.56	1.66	1.15	1.77	2.22	1.95
	Inventory Days	107	113	154	98	89	100
	Debtor Days	44	39	56	36	27	27
	Payable Days	40	45	86	60	48	48
	Cash Conversion Cycle	111	107	124	74	68	79
	<b>Return Ratios</b>	ROE	4.22%	14.79%	0.03%	5.86%	23.37%
	ROCE	8.97%	14.89%	-0.62%	7.67%	30.24%	21.84%

**Note:**

ROCE = EBIT / Average Capital Employed & ROE = Net Profit / Average Net worth  
YTD figures are annualized



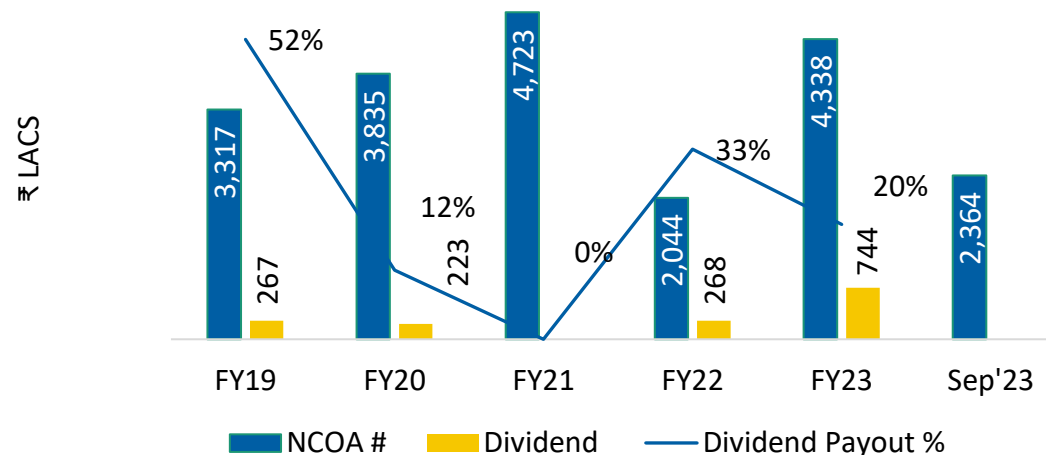
# Focus on Shareholder Value Creation.

- NCOA continues to be strong in H1 FY 24
- Consistent Dividend Pay-out track record (Other than Covid years due to cash conservation)

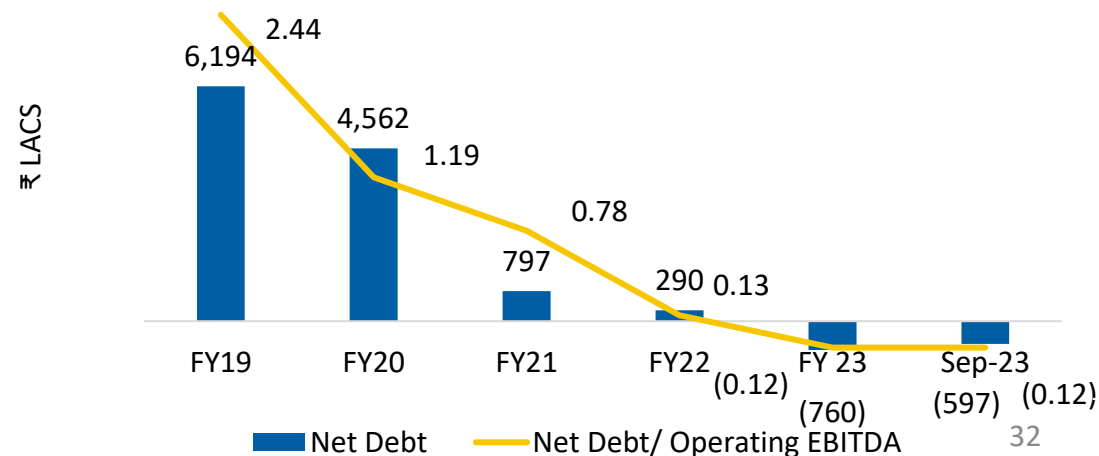
- Steady and significant decrease in Net Debt
- NCOA used judiciously to reduce Debt – Nil Debt and free cash of ₹567 lacs as on 30<sup>th</sup> Sep 2023
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.12) in H1 FY 2024

Note  
# NCOA is Net Cash generated from Operating Activities

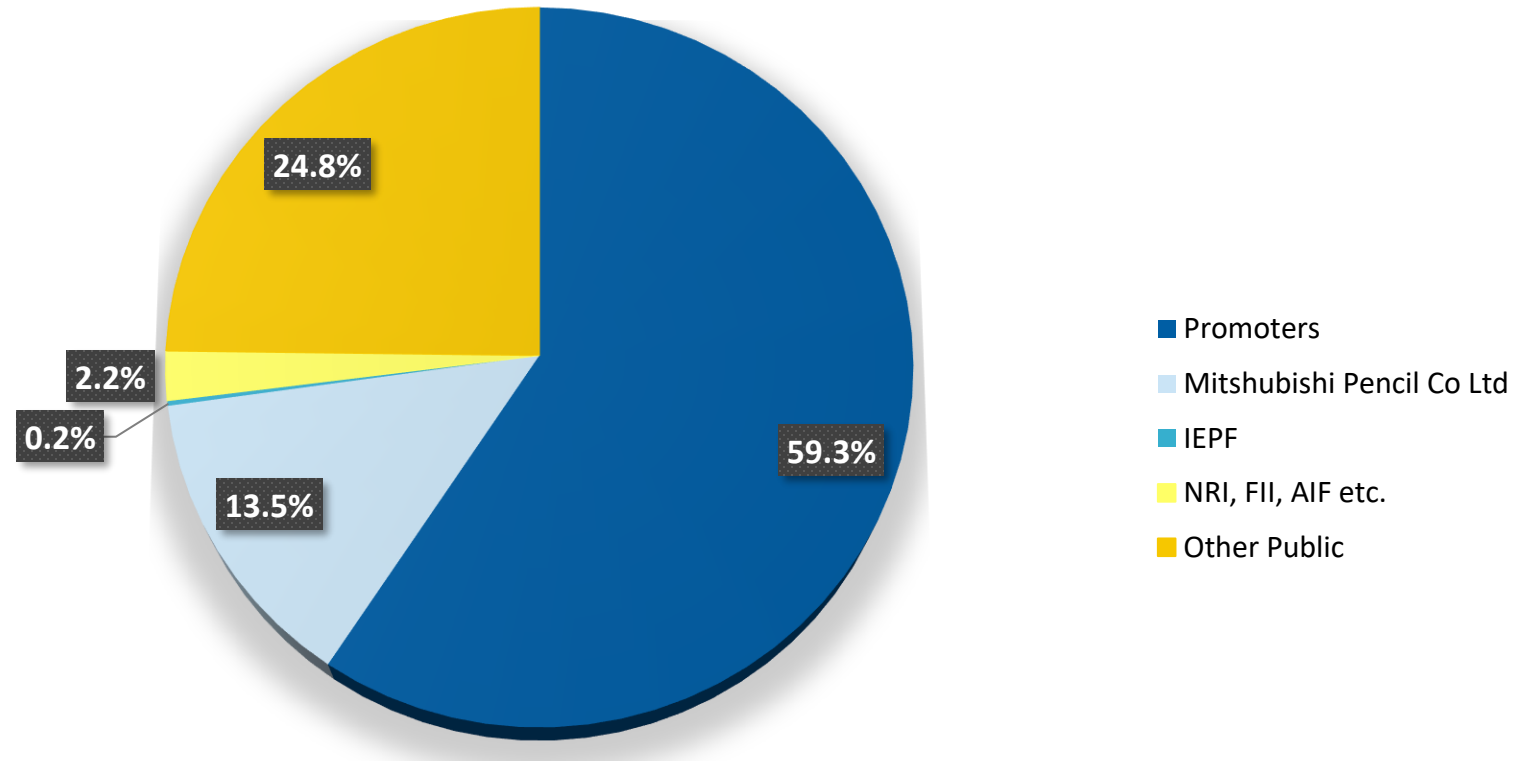
Net Cash from Operating Activities Vs Dividend Payout



Net Debt and Net Debt/Operating EBITDA



# Shareholding Pattern.



As on 30<sup>th</sup> September'23

# Why Linc?.



# Thank You.

For further details please contact

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