

pentonic
driven by design

The Pen of India



Q4 FY24 & FY24 EARNINGS PRESENTATION

Linc Limited
(formerly Linc Pen and Plastics Limited)

NSE : LINC

BSE : LINC

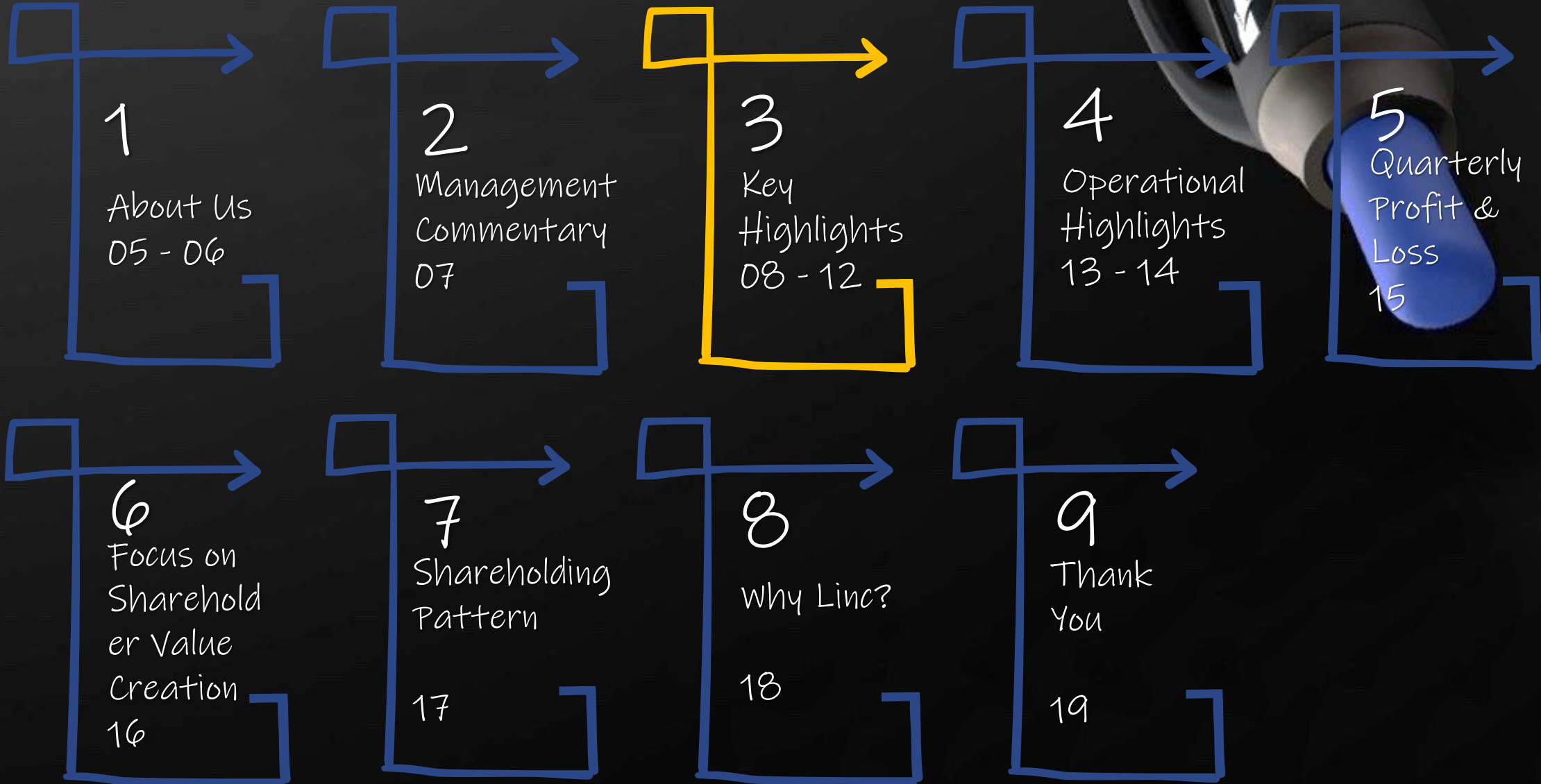
Bloomberg : LINC:IN



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Inside This Presentation



About Us

Linc Ltd. is one of India's largest & oldest writing instrument companies with national and international presence. We have a strong and extensive network across India along with Southeast Asia, Middle East, USA, UK, Europe, South America, & Africa.



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



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



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



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



About Us

Market Share* of 6.6%

Writing Instrument Segment

7,318 Lacs

No. of Pens sold in FY24

>50 Countries

International Presence

19.1%

Export revenue %

34.3%

Pentonic Share in Revenue

2,55,356

Touch Points

FY24 Financial Metrics

Revenue From Operations: ₹ 50,785 Lacs

Profit After Tax#: ₹ 3,421 Lacs

Gross Margin: 31.3% PAT Margin: 6.6%

ROCE: 23.1% ROE: 18.0%

*Source: An assessment of writing and creative instruments industry and steel bottle industry in India - Crisil Jun'23

#PAT attributable to the owners of the Parent



Management Commentary

"We are pleased to share that Linc Limited has achieved a landmark fiscal year, with an operating income of ₹50,785 lacs in FY 24, marking our highest annual revenue, however with only a 4% year-over-year growth. The operating income for the quarter grew by 14% quarter-over-quarter and 3% year-over-year.

A standout performer this year has been our Pentonic line, which saw an impressive 21% growth in revenue from the previous year, maintaining a robust Gross Profit Margin of approximately 41%. Pentonic's exceptional performance continued into Q4, with a remarkable 32% sequential growth and 30% year-over-year increase.

Our efforts in expanding our international footprint have started bearing fruit, especially in the North American market. This is evidenced by a robust 34% quarter-over-quarter growth and 10% Year-over-year growth in our export and overseas revenue during Q4.

Despite facing challenges such as steep increase in minimum wages impacting our labor costs in Gujarat, we managed to enhance our Gross Profit Margin in Q4 by 103 basis points over the previous quarter, Although there was a year-over-year dip of 178 bps in gross profit margin for Q4

We also observed significant improvements in our Operating EBITDA Margin, which increased by 67 basis points sequentially, even though we experienced some contraction annually due to increased overheads.

Our Profit after Tax Margin for the quarter stands at 8.0%, improving by 195 basis points from the preceding quarter, highlighting our strong operational efficiency and resilience.

In recognition of our steady performance and commitment to shareholder returns, the Board of Directors is pleased to recommend a dividend of ₹5.00 per share, resulting in a healthy dividend payout of 21.8%, subject to shareholders' approval.

Looking ahead, with several new product launches planned for the first half of the current fiscal year, we are extremely optimistic about regaining and accelerating our growth trajectory. Our ongoing commitment to innovation, strategic market expansion, and enhancing the market share of our Pentonic range positions us well for sustainable growth. We are confident that our strategic initiatives will not only help us navigate current challenges but also strengthen our market leadership in the future."

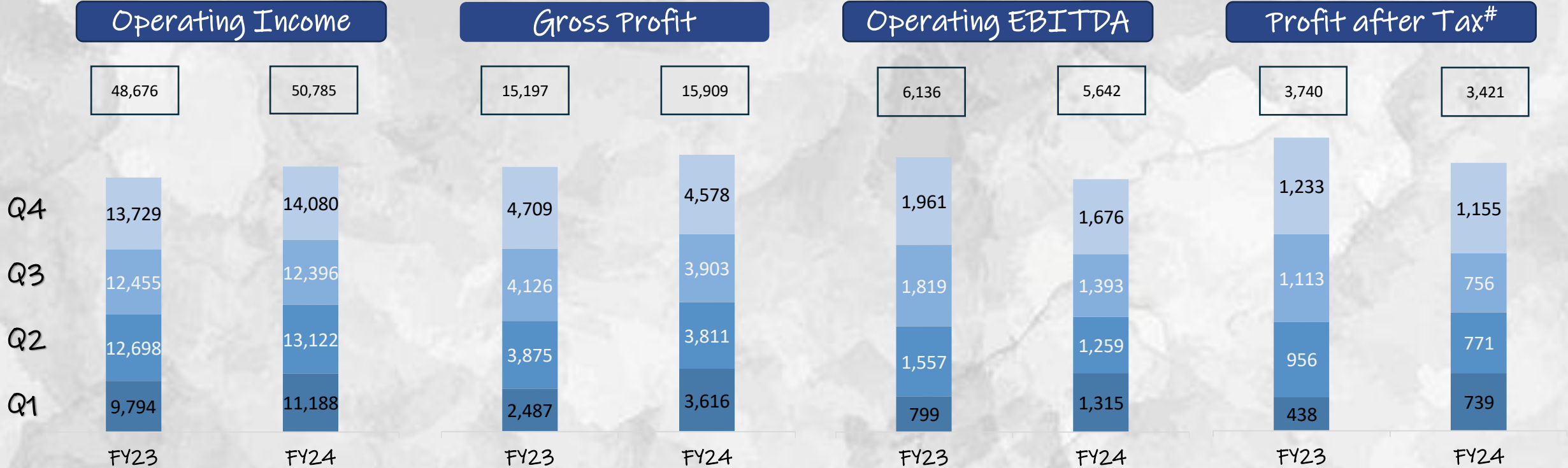
Deepak Jalan

Managing Director, Linc Limited



Key Highlights

All numbers in ₹ Lacs.



Other Highlights for Q4 FY24 & FY24

- Net Debt as on 31st March 2024 was ₹(765) lacs
- NCOA as on 31st March 2024 was ₹ 3,801 lacs
- Net Debt / Equity was (0.04)
- Net Debt / Operating EBITDA was (0.14)

#PAT to the owners of the Parent
 Q4 FY 24, Q3 FY 24 & FY 24 are consolidated; comparative figures are standalone

Key Highlights (Cont.)

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	Profit Before Tax	Profit After Tax	Cash Profit ¹
Q4 FY24	14,080	4,578	1,676	1,558	1,155	1,527
Growth YOY	2.6%	(2.8%)	(14.5%)	(6.0%)	(6.3%)	(4.5%)
Growth QOQ	13.6%	17.3%	20.4%	52.2%	52.8%	35.1%
Margin ² (%)		32.5%	11.9%	10.8%	8.0%	
FY24	50,785	15,909	5,642	4,612	3,421	4,919
Growth YOY	4.3%	4.7%	(8.0%)	(7.9%)	(8.5%)	(4.5%)
Margin ² (%)		31.3%	11.1%	9.0%	6.6%	
EPS/CEPS					23.00	33.07

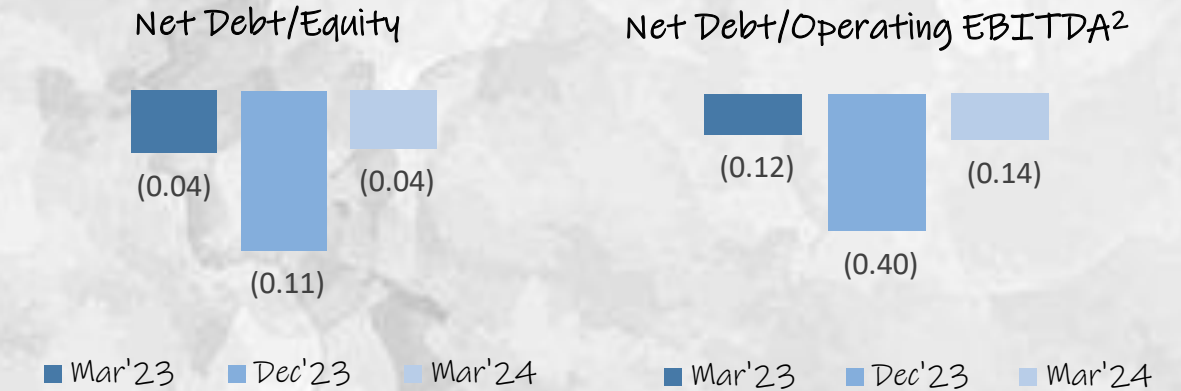
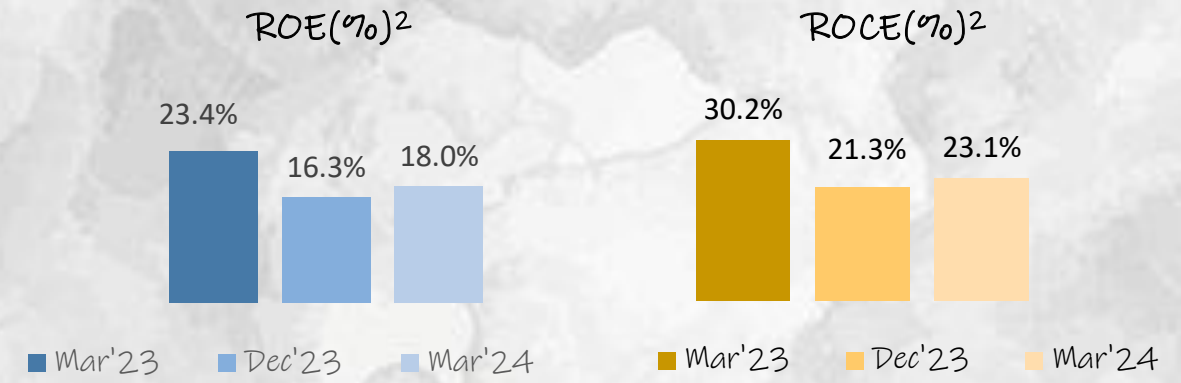
Note:

1. Cash Profit = PAT add Depreciation
2. Gross Profit & Op EBITDA Margins calculated on Operating Income
3. PAT is PAT attributable to the owners of the Parent
4. Q4 FY 24, Q3 FY 24 & FY 24 are consolidated; comparative figures are standalone

Key Highlights (Cont.)

₹ Lacs

Particulars	31-Mar-23	31-Dec-23	31-Mar-24
Net Worth	17,722	19,404	20,585
Gross Debt	-	504	692
Cash & Cash equivalent	760	2,636	1,456
Net Debt	(760)	(2,132)	(765)
Net Fixed Assets	9,038	11,239	12,359
Net Current Assets ¹	7,748	6,642	8,102
Total Assets	23,746	28,746	30,962
Fixed Asset Turnover ²	5.64	4.83	4.75
Total Asset Turnover ²	2.22	1.86	1.86
Cash Conversion Cycle ²	68	78	81



Note:

1. Net current assets excludes cash & cash equivalents
2. Figures are YTD annualized
3. Q4 FY 24, Q3 FY 24 and FY 24 are consolidated; comparative figures are standalone

Key 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>Q4 FY24</i>	5,034	5,851	2,049	314	610	472
<i>Sales Contribution (%)</i>	35.1%	40.8%	14.3%	2.2%	4.3%	3.3%
<i>Q3 FY24</i>	3,838	5,076	1,875	226	646	708
<i>Sales Contribution (%)</i>	31.0%	41.0%	15.2%	1.8%	5.2%	5.7%
<i>Q4 FY23</i>	4,024	6,298	1,949	76	705	649
<i>Sales Contribution (%)</i>	29.4%	46.0%	14.2%	0.6%	5.1%	4.7%
<i>Growth QoQ</i>	31.1%	15.3%	9.3%	39.1%	(5.6%)	(33.3%)
<i>Growth YoY</i>	25.1%	(7.1%)	5.1%	313.4%	(13.5%)	(27.3%)

Note: 1. Revenue does not include Re-Sale of raw material and export incentive
 2. Linc & Others includes subsidiary revenue

Key Highlights (Cont..)

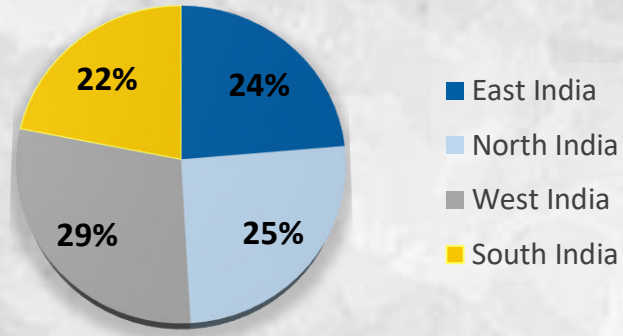
₺ Laos

Revenue	Trade Channel				
	General Trade	Corporate	Modern Trade	E-Commerce	Exports
Q4 FY24	7,180	2,610	678	447	3,414
Sales Contribution (%)	50.1%	18.2%	4.7%	3.1%	23.8%
Q3 FY24	7,914	1,171	470	266	2,548
Sales Contribution (%)	64.0%	9.5%	3.8%	2.2%	20.6%
Q4 FY23	8,919	688	727	268	3,099
Sales Contribution (%)	65.1%	5.0%	5.3%	2.0%	22.6%
Growth QoQ	(9.3%)	122.8%	44.3%	68.0%	34.0%
Growth YoY	(19.5%)	279.5%	(6.8%)	66.8%	10.2%

Note: 1. Revenue does not include Re-Sale of raw material and export incentive
 2. Exports includes subsidiary revenue

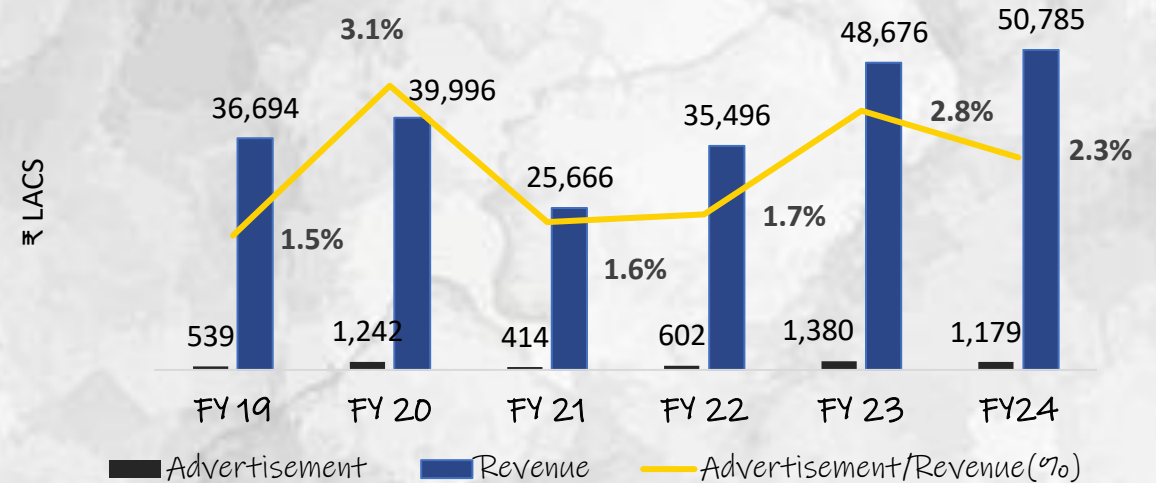
Operational Highlights

Wider Penetration across India
Break-up of Region-wise Touch Points – FY24



- Total Touchpoints increased to 2,55,356 in FY24 and the number of Kiranas, Medical stores, etc increased to 1,49,363
- Focus will be on increasing revenue per touchpoint
- Increasing footprint in West and South India and steadily moving towards a more homogenous presence across India

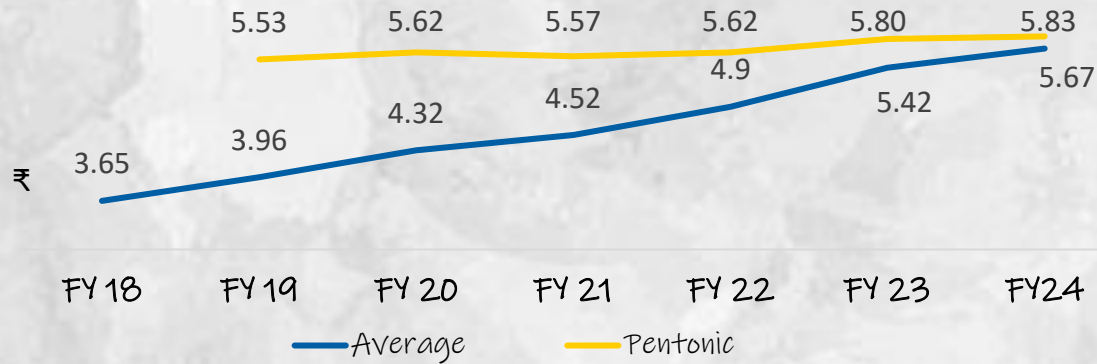
Focus on brand building



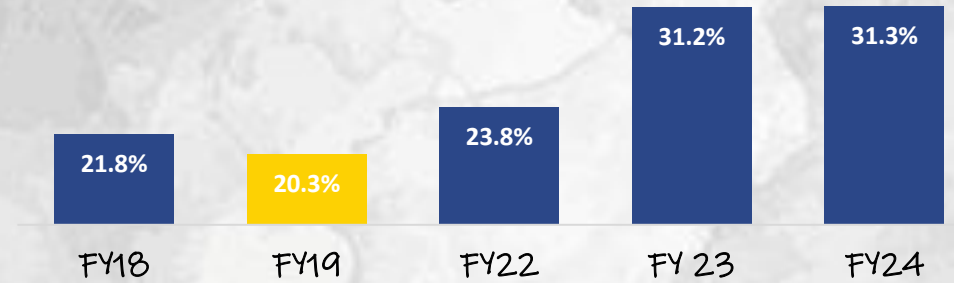
- Spent over ₹ 4,800 lacs on brands over last 5 years
- Step up brand spend going forward ~ 3% of revenue

Operational Highlights (Cont..)

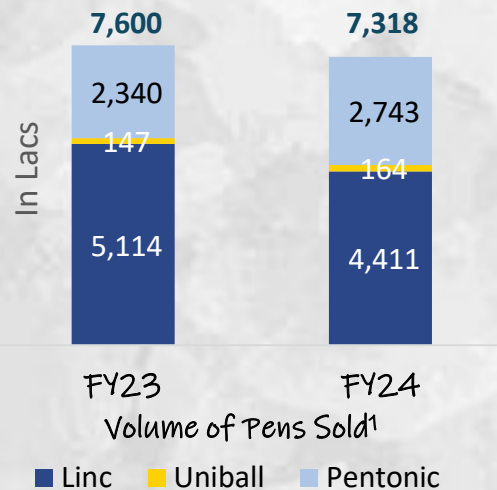
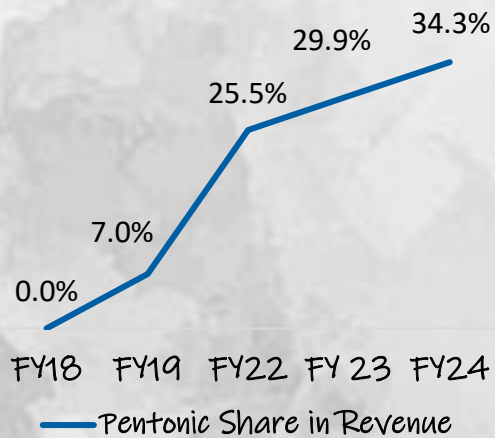
Growth in average realization of Pens (Rs)¹



Evolving Company GP Margins



Focus on higher margin products



- Pentonic positioned at ₹ 10 + segment
- Pentonic GPM ~ 41%
- Significant increase in revenue share of 'Pentonic' over the last 5 years
- Pentonic volume grew by ~ 17%
- Consistent increase in average selling price
- Average realization increase possible due to focus on higher priced products

Note: 1. Does not include impact of subsidiary

Quarterly Profit & Loss

Particulars						₹ Lacs		
	Q4 FY 24	Q4 FY 23	YoY Change	Q3 FY 24	QoQ Change	FY 24	FY 23	YoY Change
Operating Income	14,080	13,729	2.6%	12,396	13.6%	50,785	48,676	4.3%
Gross Profit	4,568	4,709	(2.8%)	3,903	17.1%	15,909	15,197	4.7%
Gross Profit (%)	32.5%	34.3%	(178 bps)	31.5%	103 bps	31.3%	31.2%	11 bps
Operating EBITDA	1,676	1,961	(14.5%)	1,393	20.4%	5,642	6,136	(8.0%)
Operating EBITDA Margin (%)	11.9%	14.3%	(238 bps)	11.2%	67 bps	11.1%	12.6%	(150 bps)
Other Income	327	91	257.8%	71	358.3%	726	348	108.5%
Finance Cost	73	29	155.8%	66	10.6%	257	64	305.0%
Depreciation	371	365	1.6%	374	(0.7%)	1,498	1,411	6.1%
PBT	1,558	1,658	(6.0%)	1,024	52.2%	4,612	5,009	(7.9%)
PAT ¹	1,155	1,233	(6.3%)	756	52.8%	3,421	3,740	(8.5%)
PAT Margin ¹ (%)	8.0%	8.9%	(90 bps)	6.1%	195 bps	6.6%	7.6%	(99 bps)
EPS (₹)	7.77	8.29	(6.3%)	5.09	52.8%	23.00	25.15	(8.5%)

Note: 1. PAT attributable to the owners of the parent

2. Q 4 FY 24, Q3 FY 24 and FY 24 are consolidated; comparative figures are standalone

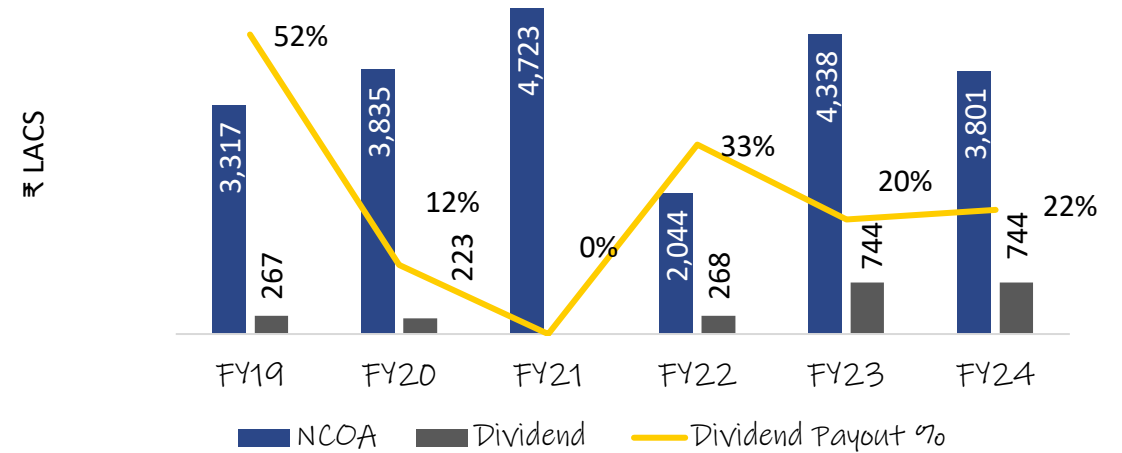
Focus on Shareholder Value Creation

- NCOA¹ continues to be strong in FY24
- Consistent Dividend Pay-out track record (Other than Covid years due to cash conservation)

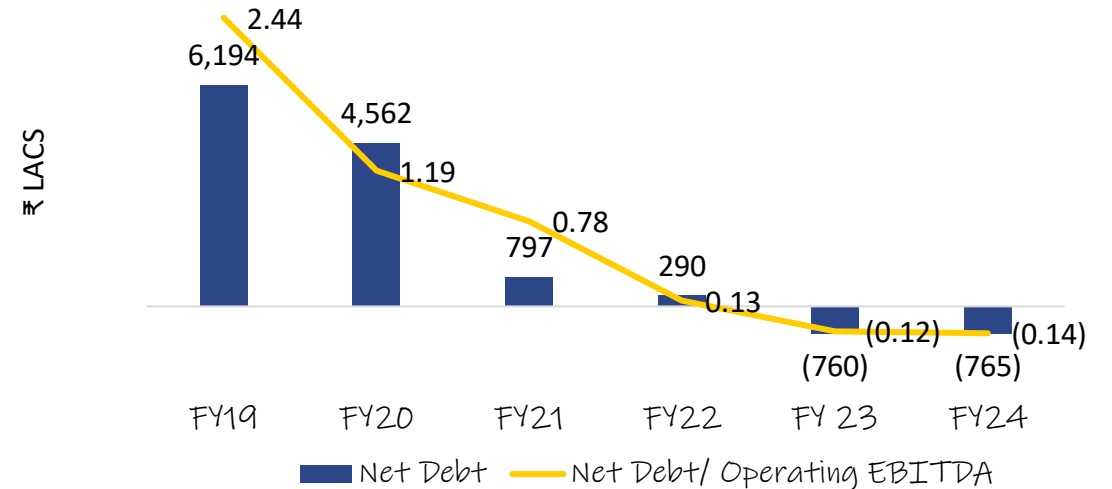
- Steady and significant decrease in Net Debt
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.14) in FY24

Note
¹ NCOA is Net Cash generated from Operating Activities

Net Cash from Operating Activities Vs Dividend Payout

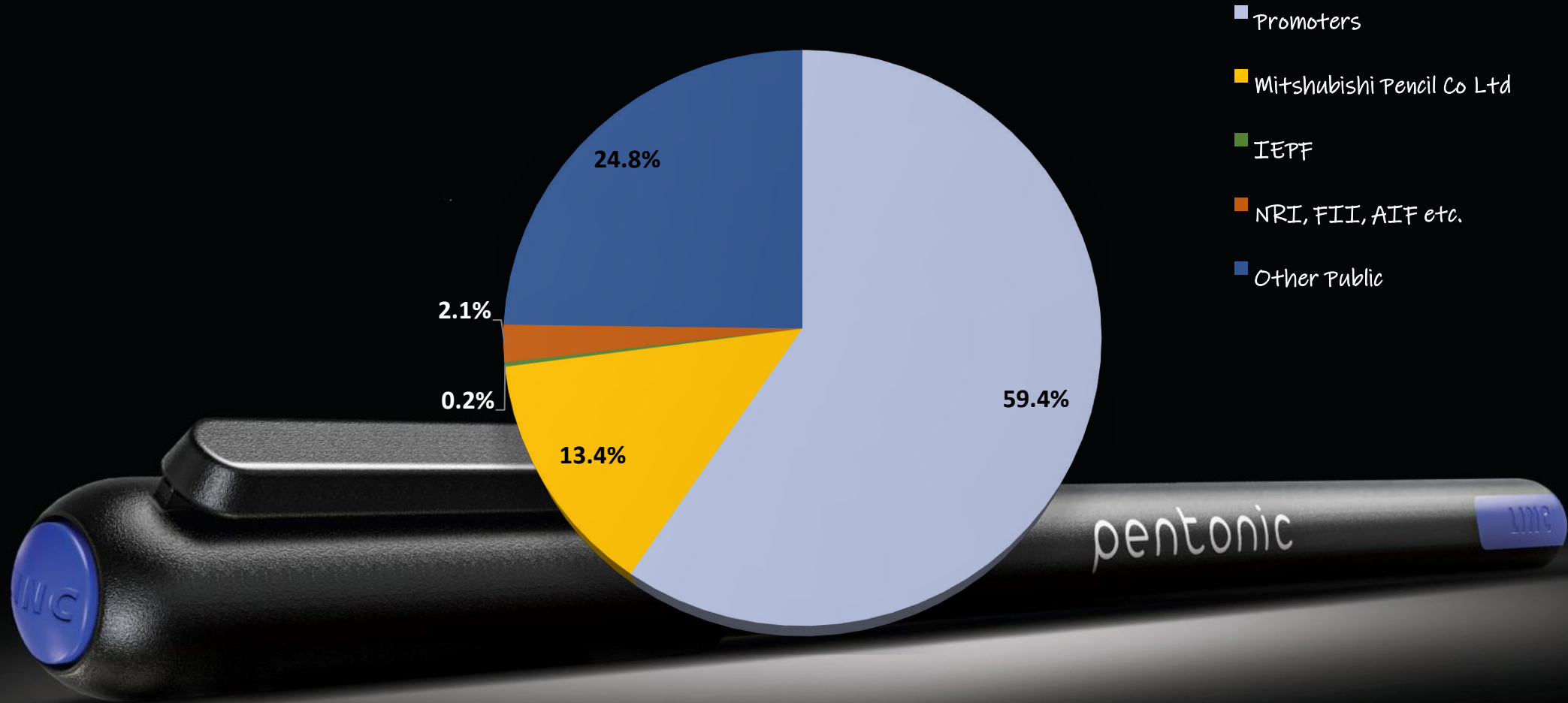


Net Debt and Net Debt/Operating EBITDA²

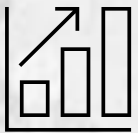


Shareholding Pattern

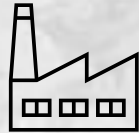
As on March'24



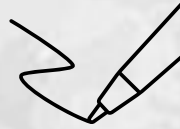
Why Linc?



Focus on Premiumization, consistently augmenting the contribution of high-margin products to its overall revenue



Geographic Expansion; Focusing on increasing its exports revenue and developing newer markets



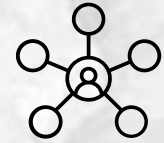
Inroads into Stationery Products; widening product portfolio by entering high-value & high-margin stationery segment



Strong Balance Sheet with negative net debt; strong top & bottom line growth



Consistently endeavors to practice good Corporate Governance founded on transparency, accountability, independent monitoring & environmental consciousness



Rapidly expanding distribution network Added over 1.7 lac touch points over the last 4 years

Thank You

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