pentonic
The Pen of Indici.



## 

##  <br> STRATEGY PRESENTATION <br> STRATEGY PRESENTATION <br> Linc Limited <br> LINC <br> 2 <br> INC <br> RES

(formerly Linc Pen and Plastics Limited) NSE: LINC

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## Safe Harbour Statement

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## LINC

## Future of Writing Instruments

## Why traditional pens will persist alongside digital tools?

- Cultural Significance - Writing Instruments hold Cultural and traditional importance in many societies. Rituals, Ceremonies, Cultural practices continue to drive the demand for pens and other writing tools
- Education Sector - The Education Sector remains a significant driver. Increased enrolment in schools and colleges, coupled with focus on learning aids, continues to drive the need for writing instruments despite digital advancements
- Corporate Use - writing Instruments are often used in a corporate setting for note taking, signing documents, and other tasks
- Corporate Gifting \& Promotions - Writing Instruments are popular choices for gifting, cross promotions and branding


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## Future of Writing Instruments

## Why traditional pens will persist alongside digital tools?

- Artistic \& Creative Expression - Pens, Markers and other writing tools are essential for Artists and Creative professionals
- Stationery Culture - The Stationery Culture, driven by a love for well designed notebooks, planners, and writing accessories, contributes to the demand for quality writing instruments.
- Tactile Experience - Despite digital advances many people still appreciate, the tactile experience of Writing with pen and paper, contributing to the ongoing demand for writing Instruments.
- Population \& Literacy - Increase in Population and Literacy in developing economies will continue to drive usage of traditional writing instruments

A study of Japanese university students and recent graduates has revealed that writing on physical paper can lead to more brain activity when remembering the information an hour later. Researchers say that the unique, complex, spatial and tactile information associated with writing by hand on physical paper is likely to lead to improved memory. (Source: Science Daily)

Industry Outlook

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## Global Stationery Industry Opportunity

Global Stationery Products Market


- The stationery industry is divided into paper and non-paper stationery, the latter accounting for the larger share
- US Market estimated at US $\$ 52$ Bn in 2020.
- China market projected to grow DCAGR 3.6\%\%, to reach US $\$ 42 \mathrm{Bn}$ during 2020-27 period.
- Japan to grow at 0.2\%0, Canada to grow at $1.3 \%$ and Germany to grow at 0.790 during 2020-27 period

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## Global Stationery Industry Opportunity

Global Writing Instruments
Market1
32.9

Share of Relevant Market

|  | 2020 | 2027 |
| :--- | :---: | :---: |
| Ball \& Gel Pen | $36 \%$ | $41 \%$ |
| Roller | $9 \%$ | $9 \%$ |
| Total | $45 \%$ | $50 \%$ |

## Writing \& Marking Instruments Market Size ${ }^{2}$

- 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 14.790 by 2030
- Japan and Canada, each forecasted to grow at $4.6 \%$ and $7.79 \%$ respectively over the 2022-2030 period, while Germany is forecasted to grow at $\sim 5.6 \%$ CAGR


## Market Scope

- 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 $\sim 60 \%$


## 6.1



2022E


Global Luxury Pen Market3
2.3


2021
3.8

CAGR $5.8 \%$

Source :1 : www.adroitmarketresearch.com 2: www.prnewswire.com \& www.researchandmarkets.com ; 3: timesofindia ; : Globenewswire.com ; Company Annual Report Fy23

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## Opportunity in the Indian Market



Market


Indian Education Industry


Indian Schools Market

87


## Writing Instruments Market Growth Drivers

- Rising Populations:
- Largest population in age bracket of 5-24 years ~580 million.
- Indian working population to grow $\sim 20^{\circ} 70$ and education market to grow ~140, 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 $\sim 77.70 \%$ 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 $100 \%$ GER2 by 2030 in prechoolsecondary level. Policy also seeks to increase public investment in education to $6 \%$ of GDP from $2.5 \%$ in fiscal 2024 budgetary estimates.


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## Indian writing Instrument Industry Opportunity



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## Indian writing Instrument Industry Opportunity



- 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


- 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


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## Pens - Global Trade Perspective





Africa


Middle East

India's Export of Pens


Top 10 Importers of Pens in CY 2023 (Jan - Nov)


Pen Exports from India

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## Our Journey



## Our Portfolio of Products

## LINC

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



## pentonic

driven by design

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

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



## deli

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



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## Recent Launches

Pentonic G-RT
₹ 40 Retractable Gel Pen


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## Upcoming Launches



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## Trend of Financial Performance





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## Leadership

## WR. DEEPAK JALAN

## Managing director,

- commerce graduate with 38 years of experience
- Responsible for the overall operations with a specialization in international operations
- Responsible for the company's strategic direction


## WR. ALOKE JALAN

## Whole time director,

- commerce graduate with 33 years of experience in the business
- Looks after the company's marketing operations with special emphasis on Western and Southern regions


## WR. 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


## WR. N.K.DUJARI

## Director finance \& CFO,

- Chartered Accountant with $34^{\text {th }}$ Rank (All India) and a company Secretary
- Alumnus of St. Xavier's College, Calcutta with over 35 years of professional experience in varied fields
- Joined Linc in the year 2000


## WR. 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 WR. NARESH PACHISIA
Independent, Non-executive director,
- Founder \& MD, SKP Securities L+d.
- SKP Securities L+d is Eastern India's leading investment banker, wealth manager and stockbroker with over 40 years' experience in capital markets
WR. 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

WR. Mohit Kampani

## Independent, Non-executive director,

- B.com from from Calcutta University and MBA from Xavier Institute of Management
- 30 years of experience in the retail and consumer industries
- Founded Sumosave Retail in November 2022 and is currently the CEO.


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## Why Linc?



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



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

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## Focus on Premiumization

Pentonic brand introduced in FY19 as a
minimalistic yet contemporary pen, known for its aesthetics as well as writing smoothness


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## Focus on Premiumization



## LINC

## Focus on Premiumization

Pentonic's Contribution to Total Revenue


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## Increasing it's Global Footprint As well

Linc's Geographic Reach -Fy24.


Pen Exports from India - cy 23
South \& Central America (SA) Middle East (ME)
Africa
South East Asia (SEA)
Europe
Total Exports

Value USD millions

$$
-21 \%
$$

$$
39
$$

$$
-6 \%
$$

$46 \quad 9 \%$

24
33
$3 \%$
$25 \%$
240

- Global Ball \& Gel pen demand expected to grow at a CAGR of $12.5 \%$ over the nex $7-8$ 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
- Linc exports at ₹ 9,781 lacs is $\sim 19.170$ of it's revenue in FY24
- Focus on North America, East Africa and South American markets
- Distributor appointed for U.S.A., Canda \& Mexico
- To improve penetration in the fast-growing African market, the company has acquired a majority stake in Kenyan manufacturer \& seller of writing instruments


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Recent Participation in Global Expos


## LINC

## Recent Participation in Global Expos



## Recent Participation in Global Expos



## LINC

## Recent Participation in Global Expos



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## Inroads into Stationery Products

- Targeting ₹1 Billion of revenue from Deli by Fy27
- Deli offers a range of over 200 products in India
- Company to largely focus on Calculators, Scissors \& Desk Organizers
- Deli should contribute ~10 \%o of company's revenue by FY26
- Deli's GPM is around 20\%



## LINC

## Focus on Shareholder Value Creation

Net Cash from Operating Activities Vs Dividend Payout

Net Debt and Net Debt/Operating EBITDA


- Steady and significant decrease in Net Debt
- NCOA used judiciously to reduce Debt - Net Debt of ₹ (765) lacs as on Mar'24
- Capex being done in modular fashion and commitment funded largely through internal cash generation
- Ne+ Deb+ / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to (0.14) in FY24

Expansion Plan


Linc's plans to increase its existing capacity at Gujarat have been deferred as the expansion of its facility near Kolkata, WB has taken precedence.

> FY' 25 demand would be met by the existing capacity \& stepping-up outsourcing, which has already been tied up

New Infra adjacent to the existing location (near Kolkata) to rationalize logistics and economic synergies

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Infra cost of ~₹ 3,500 lacs
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Estimated to be completed by Q1 FY 26

Investment in machineries will be in modular way - in line with the market demand.

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## Wider Penetration across India

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

Revenue Share $F$ Y19


Revenue Share Fy24


Break-up of Region-wise Touch Points - FY24


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ESG


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# why does a pen company want you to stop buying pens? 

Yes, it's a weapon. But discarded carelessly, a plastic pen becomes a weapon of mass destruction.

For starters, it is difficult to recycle and emits toxic chemicals. Plastic pollution also plays havoc on soil nutrients and contaminates the water. As a result, trees wither away and animals die by getting poisoned, chocked or pierced mercilessly.

The next time you throw a plastic pen away, think again. All it takes is to buy a refill. An act that will slow down pollution and buy some more time for this only planet of ours

Financial Snapshot

## LINC

## Operational Highlights

₹ Lacs

| Revenue | Writing Instruments |  |  | Other Products |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Own Brands |  | Licensed Brands | Own Brands |  | Licensed Brands |
|  | Pentonic | Linc \& Others | Uni-Ball | Pentonic | Linc \& Others | Deli |
| FY24 Sales Contribution (\%) | $\begin{gathered} 16,387 \\ 32.1 \% \end{gathered}$ | $\begin{aligned} & 20,427 \\ & 40.0 \% \end{aligned}$ | $\begin{aligned} & 7,777 \\ & 15.2 \% \end{aligned}$ | $\begin{gathered} 1,124 \\ 2.2 \% \end{gathered}$ | $\begin{gathered} 2,597 \\ 5.1 \% \end{gathered}$ | $\begin{array}{r} 2,799 \\ 5.5 \% \end{array}$ |
| FY23 <br> Sales Contribution ( $9_{0}$ ) | $\begin{aligned} & 14,079 \\ & 28.8 \% \end{aligned}$ | $\begin{array}{r} 22,596 \\ 46.3 \% \end{array}$ | $\begin{aligned} & 6,644 \\ & 13.6 \% \end{aligned}$ | $\begin{gathered} 406 \\ 0.8 \% \end{gathered}$ | $\begin{gathered} 2,633 \\ 5.4 \% \end{gathered}$ | $\begin{array}{r} 2,448 \\ 5.0 \% \end{array}$ |
| Growth Yoy | 16.4\% | (9.6\%) | 17.1\% | 176.9\% | (1.3\%) | 14.3\% |

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## Operational Highlights

Trade Channel wise Break-up of Operating Revenue


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## Profit \& Loss Summary

| Particulars | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Income | 36,694 | 39,699 | 25,666 | 35,496 | 48,676 | 50,785 |
| Gross Profit | 7,434 | 9,805 | 5,753 | 8,441 | 15,197 | 15,909 |
| Gross Profit ( 90 ) | 20.3\% | 24.7\% | 22.4\% | 23.8\% | 31.2\% | 31.3\% |
| Operating EBITDA | 2,539 | 3,826 | 1,017 | 2,153 | 6,136 | 5,642 |
| Operating EBITDA Margin (90) | 6.9\% | 9.6\% | 4.0\% | 6.1\% | 12.6\% | 11.1\% |
| pat | 515 | 1,925 | 4 | 813 | 3,740 | 3,421 |
| PAT Margin ( 70 ) | 1.4\% | 4.8\% | 0.0\% | 2.3\% | 7.6\% | 6.6\% |
| Cash Profit | 1,561 | 3,179 | 1,273 | 2,095 | 5,151 | 4,919 |
| EPS (₹) | 3.48 | 12.94 | 0.03 | 5.47 | 25.15 | 23.00 |

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## Balance Sheet Summary

| Particulars | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net Worth | 12,337 | 13,697 | 13,471 | 14,285 | 17,722 | 20,585 |
| Gross Debt | 6,205 | 4,575 | 812 | 299 | - | 692 |
| cash \& cash equivalent | 11 | 13 | 14 | 9 | 760 | 1,456 |
| Net Debt | 6,194 | 4,562 | 797 | 290 | (760) | (765) |
| Capital Employed ${ }^{1}$ | 19,388 | 19,199 | 15,025 | 15,178 | 18,730 | 23,867 |
| Ne+ Fixed Assets (incl CWIP) | 7,541 | 7,870 | 7,106 | 8,215 | 9,038 | 12,359 |
| Net Current Assets ${ }^{2}$ | 6,087 | 7,219 | 5,437 | 6,072 | 7,748 | 8,102 |
| Total Assets | 23,240 | 24,535 | 20,046 | 20,162 | 23,746 | 30,962 |

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## Ratios

| Particulars | Ratios | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Solvency Ratios | Net Debt/Equity | 0.50 | 0.33 | 0.06 | 0.02 | (0.04) | (0.04) |
|  | Net Deb+lop EBITDA | 2.44 | 1.19 | 0.78 | 0.13 | (0.12) | (0.14) |
|  | EBIT/Interest | 2.76 | 5.26 | -0.39 | 15.81 | 79.78 | 18.91 |
| Operational Ratios | current Ratio | 1.68 | 1.85 | 1.92 | 2.14 | 2.56 | 2.22 |
|  | Fixed Asset Turnover | 5.15 | 5.15 | 3.43 | 4.63 | 5.64 | 4.75 |
|  | Total Asset Turnover | 1.56 | 1.66 | 1.15 | 1.77 | 2.22 | 1.86 |
|  | Inventory Days | 107 | 113 | 154 | 98 | 89 | 105 |
|  | Debtor Days | 44 | 39 | 56 | 36 | 27 | 33 |
|  | Payable Days | 40 | 45 | 86 | 60 | 48 | 57 |
|  | Cash conversion cycle | 111 | 107 | 124 | 74 | 68 | 81 |
| Return Ratios | ROE | 4.2\% | 14.8\% | 0.0\% | 5.9\% | 23.4\% | 18.0\% |
|  | ROCE | 9.0\% | 14.9\% | -0.6\% | 7.7\% | 30.2\% | 23.1\% |
| Note: <br> ROCE $=$ EBIT / Average Capital Employed \& ROE $=$ Net Profit $/$ Average Net worth <br> YTD figures are anmulized |  |  |  |  |  |  | 40 |

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## Shareholding Pattern

As on March'24


Thank You
For further details please contact

## LINC

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[^0]:    

[^1]:    FY 24 is consolidated; comparative figures are standalone
    PAT is PAT attributable to the owners of the parent

