



28th August, 2024

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

Sub: MD's Speech at 30th Annual General Meeting.

Please find enclosed herewith the Speech delivered by Managing Director at the 30th Annual General Meeting held on Wednesday, 28th August, 2024.

This is for your information and record.

Thanking You,

Yours faithfully,
For LINC LIMITED

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DIPANKAR DE
Company Secretary

MD's statement for AGM – FY24

Good morning shareholders and colleagues.

It is my privilege to welcome you all to the 30th Annual General Meeting of Linc Limited. As we review the performance of FY24, it's important to acknowledge that while our revenue growth was modest at 3.1%, the year was nonetheless a significant one for our company.

We crossed an important milestone, achieving over ₹500 crores in revenue—a testament to the strength of our brand and the hard work of our team. A key contributor to this achievement was our Pentonic portfolio, which stood out with an impressive 21% growth over the previous year. Today, Pentonic products account for 31% of our total revenue, reflecting the growing popularity and market acceptance of this range.

On the export front, we did face some challenges, with revenues declining to ₹92 crores compared to ₹101 crores in the previous year. This was primarily due to the geopolitical reasons in two of our significant export markets. While these setbacks affected our overall performance, we remain confident in our long-term strategy for these markets and are actively working to overcome such challenges by developing alternative markets.

Despite the revenue challenges, we maintained our profitability with a PAT of ₹34.1 crores, which was 8.9% lower than the previous year. This decrease was mainly due to lower revenue growth and higher overhead costs. However, our commitment to returning value to our shareholders remains steadfast, and the Board has recommended a dividend of ₹5 per share, maintaining the same level as last year.

I am also pleased to report that Linc continues to maintain a zero-debt status, with a net cash balance of ₹13 crores as of March 31, 2024. This strong financial position provides us with the flexibility to invest in future growth opportunities and navigate any uncertainties that may lie ahead.

FY25 Qtr1

Looking ahead to FY25, the first quarter showcased decent growth, though slightly below our expectations. The company's operating income increased by 14.2%, rising from ₹111.88 crores in Q1 FY24 to ₹127.75 crores in Q1 FY25. Our PAT for the quarter improved by 13.3% to ₹8.37 crores, up from ₹7.39 crores in the same quarter last year. As a result, our EPS stood at ₹5.63, compared to ₹4.97 in Q1 FY24.

Pentonic continued its stellar performance, delivering a remarkable 28.6% year-on-year revenue growth, contributing 39.6% to our topline in Q1 FY25. This extraordinary performance was bolstered by significant contributions from our corporate sales segment.

Additionally, we saw a strong rebound in our export business, with revenues growing by 26.3% year-on-year. This growth was primarily driven by the robust performance in the new markets we have recently penetrated.

Future Initiatives

Looking ahead, we are committed to continuing our premiumization strategy, which has delivered solid results over the past few years. This approach, fueled by product innovation and evolving consumer preferences, has significantly increased our revenue from writing instruments priced at ₹10 and above—from 20% in FY18 to 62% in FY24. This shift has also boosted our average realizations from ₹3.65 in FY18 to ₹5.67 in FY24.

We are particularly excited about the recent launch of the "Pentonic EVO," a cap-type gel pen priced at ₹30. This is just one of the high-value products we plan to introduce this financial year, and we are confident that the nationwide rollout of these products will not only elevate our average selling price but also expand our Pentonic portfolio, capturing a larger share of this critical market segment.

We acknowledge the challenges that come with international expansion, including foreign exchange fluctuations, tariff barriers, and geopolitical uncertainties. However, our strong foundation and strategic approach position us well to navigate these obstacles and drive sustainable growth in our export business.

While growth in our Deli range has been slower than anticipated, we are taking the lessons learned to guide our expansion into adjacent product categories. We have ambitious plans for products like Glue Sticks, Geometry Boxes, Rulers, Play Dough, Mechanical Pencils, and Markers. This is just the beginning, and many more innovations are in the pipeline, aiming to significantly broaden our Total Addressable Market (TAM) and drive sustained long-term growth.

Additionally, we have plans to ramp up operations at our 60% subsidiary in Kenya, Gelx Industries Ltd., which we expect will help us grow our business in Africa—a market with significant potential for writing instruments. The Company is also taking initiatives to enhance supply footprints in Kenya and other nearby countries.

Our subsidiary, Morris Linc Pvt Ltd—a joint venture with Morris, a leading global writing instrument and stationery player based in South Korea—has started operations on a modest scale. We anticipate that this venture will yield better volumes starting from the fourth quarter of FY25.

ESG (Environmental, Social & Governance)

We remain deeply committed to reducing our carbon footprint and embracing sustainable practices. As a significant step in this direction, we are proud to unveil the Pentonic 75, our latest innovation—a pen made with 75% post consumer recycled plastic, exemplifying our dedication to environmental responsibility. This milestone makes us the first in the industry to achieve 75% circularity.

Our team is also focused on reducing wastage through better resource management. For instance, waste generated during the manufacturing process is reused, recycled, or repurposed. Additionally, we are continuously increasing our use of environmentally friendly packaging materials, helping to prevent the creation of tons of plastic waste.

We take pride in fostering a diverse workforce, including a significant number of women and a small number of specially-abled individuals. This diversity enriches our company and drives our innovation.

Linc's social spending on promoting healthcare, education, and hunger eradication during FY24 was at 2.1% of the average profits. In addition, as a responsible corporate citizen, the Company is continuously involved in various other social and charitable activities.

Linc has always strived for excellence in governance, with a strong focus on long-term shareholder value creation and a commitment to ethical business practices and transparency.

Conclusion

In conclusion, I would like to thank the Board for their wise counsel and guidance, which has helped us maintain high standards of corporate governance. I also want to acknowledge the contributions of our motivated and committed team of channel partners, distributors, employees, and suppliers. On behalf of the Board, I express my sincere gratitude to you, our valued shareholders, for your continued trust in Linc. We remain dedicated to further improving our performance and delivering greater value to you.

Thank you.

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