



30<sup>th</sup> May, 2022

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
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Dear Sir,

**Re : Earnings Presentation & Strategy Presentation**

Please find enclosed herewith the Earnings Presentation for the quarter / year ended 31st March, 2022 and Strategy Presentation.

Thanking You,

Yours faithfully,

For LINC LIMITED

DIPANKAR DE  
Company Secretary

Encl: as above



# Q4 FY22 May 2022

NSE : LINC  
BSE : LINC  
Bloomberg : LINC:IN

# EARNINGS PRESENTATION.

Linc Limited  
(formerly Linc Pen and Plastics Limited)

# Inside This Presentation .



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# Executive Summary.



- 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 7.8% market share in the pen segment as of 2020
- 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

# Management Commentary.

“On the backdrop of Schools & Colleges reopening fully due to removal of Covid induced restrictions, our revenue has displayed reasonable growth both sequentially as well as YoY. Our Operating Income for Q4 FY 22 at ₹ 11,055 lacs surpassed pre covid level of ₹ 10,098 lacs in Q4 FY 20. With students going back to classroom learning, we expect strong growth in demand for our products in the coming quarters.

Raw material prices continued to increase due to very high crude prices and all-round increase in all input costs. While we were able to absorb some part of the cost increase due to higher mix of 'Pentonic' in the revenue basket, margins did get impacted and our GPM fell by 18 basis points YoY and 241 basis points sequentially. EBITDA margin also fell YoY and QoQ due to lower GPM and higher marketing & new customer acquisition costs. Commodity prices are expected to soften, and we believe that the prices should stabilize in the coming quarters. This along with our continued focus on higher margin products will help us in improving our margins and profitability.

Relentless focus on increasing the reach continues as we added 50,887 touch points in this quarter.”

**Deepak Jalan**

Managing Director, Linc Limited



# Key Highlights.

**Operating Income** up 17.9% YoY, 16.0% QoQ at ₹ 11,055 lacs.

**Dividend** of 18% declared at a dividend payout of ~33%

**Operating EBITDA** down 10.6% YoY at ₹ 584 lacs and Margin stood at 5.3%. **Operating EBITDA** Margin decreased 168 basis points YoY

**Net Debt** reduced by ₹ 508 lacs from 31<sup>st</sup> March 2021 and stood at ₹ 290 lacs

**Gross Profit** up 17.0% YoY at ₹2,536 lacs and Margin stood at 22.9%

**'Pentonic' Sales** continued to grow and was over 25% of total revenue for FY22 and its GPM stood ~ 43%

**Net Debt/Equity** stood at 0.02 against 0.06 in FY 21 and **Net Debt/Operating EBITDA** stood at 0.13 against 0.78 in FY21



# Annual Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit <sup>1</sup>
	<b>35,496</b>	<b>8,441</b>	<b>2,153</b>	<b>1,085</b>	<b>813</b>	<b>2,095</b>
Growth (YOY)	38.3%	46.7%	111.7%	NA <sup>2</sup>	NA <sup>2</sup>	64.6%
Margin(%)		23.8% ↑	6.1% ↑	3.1% ↑	2.3% ↑	
Margin Expansion/Contraction (YOY)		136 bps	210 bps	454 bps	228 bps	
EPS/CEPS					5.47	14.09

**Note:**

1. Cash Profit = PAT add Depreciation
2. Considered NA as PBT was negative and PAT was minute in FY 21
3. Margins calculated on Operating Income

# Quarterly Highlights.

₹ Lacs

	Operating Income	Gross Profit	Operating EBITDA	PBT	PAT	Cash Profit <sup>1</sup>
	<b>11,055</b>	<b>2,536</b>	<b>584</b>	<b>398</b>	<b>299</b>	<b>626</b>
Growth (YOY)	17.9%	17.0%	-10.6%	-9.7%	-51.7%	-32.3%
Growth (QOQ)	16.0%	4.9%	-13.0%	8.0%	7.4%	1.7%
Margin(%)		22.9% ↓	5.3% ↓	3.6% ↓	2.7% ↓	
Margin Expansion/Contraction (YOY)		-18 bps	-168 bps	-110 bps	-390 bps	
EPS/CEPS					2.01	4.21

**Note:**

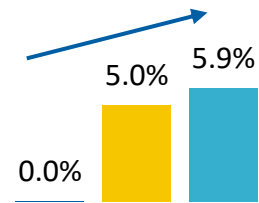
1. Cash Profit = PAT add Depreciation
2. Margins calculated on Operating Income



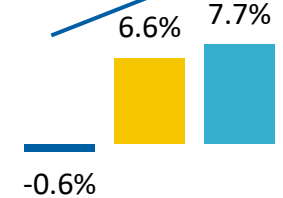
# Quarterly Highlights (Cont.)

₹ Lacs

Particulars	31-Mar-22	31-Dec-21	31-Mar-21
<b>Net Worth</b>	<b>14,285</b>	<b>13,979</b>	<b>13,471</b>
Short Term Borrowing	299	142	812
Long Term Borrowing	-	-	-
Gross Debt	299	142	812
Cash & Cash equivalent	9	63	14
<b>Net Debt</b>	<b>290</b>	<b>80</b>	<b>797</b>
Net Current Assets <sup>1</sup>	6,072	6,020	5,437
<b>Total Assets</b>	<b>20,162</b>	<b>19,864</b>	<b>20,046</b>

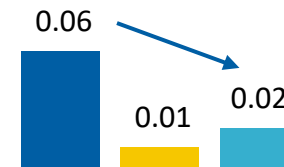
ROE(%)<sup>2</sup>

■ FY 21 ■ Dec' 21 ■ FY 22

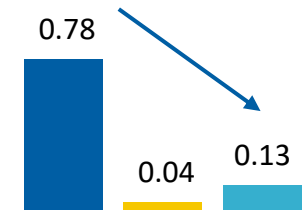
ROCE(%)<sup>2</sup>

■ FY'21 ■ Dec' 21 ■ FY'22

Net Debt/Equity



■ FY'21 ■ Dec'21 ■ FY'22

Net Debt/Operating EBITDA<sup>2</sup>

■ FY'21 ■ Dec'21 ■ FY'22

**Note:**

1. Net current assets excludes cash & cash equivalents
2. Profit figures are YTD annualized

# Quarterly 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)
Q4 FY22	3,202	5,346	1,367	1	79	336
Sales Contribution (%)	31.0%	51.7%	13.2%	0.01%	0.8%	3.3%
Q3 FY22	2,201	4,772	1,191	48	113	320
Sales Contribution (%)	25.5%	55.2%	13.8%	0.6%	1.3%	3.7%
Q4 FY21	2,326	4,727	1,104	0	76	226
Sales Contribution (%)	27.5%	55.9%	13.1%	0.0%	0.9%	2.7%
Growth QoQ	45.5%	12.0%	14.8%	-97.9%	-30.1%	5.0%
Growth YoY	37.6%	13.1%	23.8%	NA	3.8%	48.9%

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

# Quarterly Highlights (Cont..)

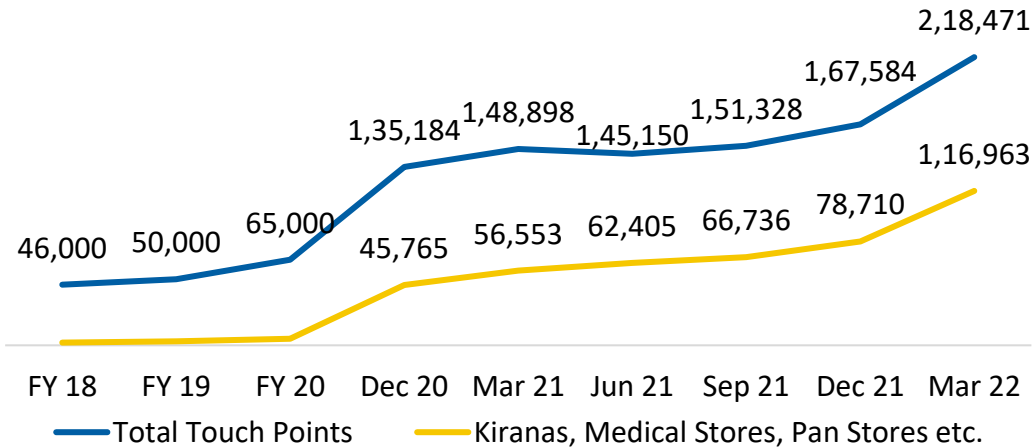
₹ Lacs

Revenue	Trade Channel				
	General Trade	Modern Trade	E-Commerce	Corporate	Exports
Q4 FY22	6,536	299	443	144	2,909
<b>Sales Contribution (%)</b>	<b>63.3%</b>	<b>2.9%</b>	<b>4.3%</b>	<b>1.4%</b>	<b>28.2%</b>
Q3 FY22	6,043	309	469	90	1,734
<b>Sales Contribution (%)</b>	<b>69.9%</b>	<b>3.6%</b>	<b>5.4%</b>	<b>1.0%</b>	<b>20.1%</b>
Q4 FY21	5,675	1,069	334	145	1,236
<b>Sales Contribution (%)</b>	<b>67.0%</b>	<b>12.6%</b>	<b>3.9%</b>	<b>1.7%</b>	<b>14.6%</b>
<hr/>					
Growth QoQ	8.2%	-3.1%	-5.5%	60.1%	67.8%
Growth YoY	15.2%	-72.0%	32.7%	-1.0%	135.3%

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

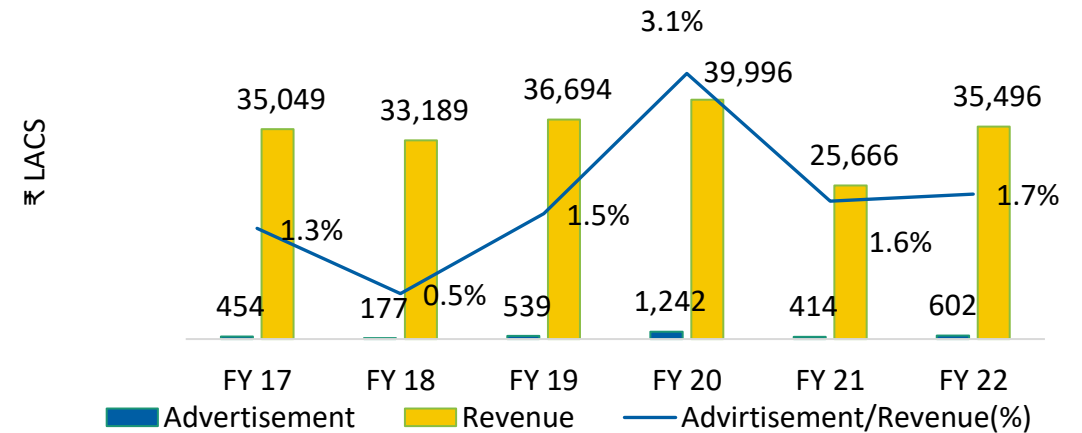
# Operational Highlights.

## Increasing touch points



- Broken tradition by expanding to neighbourhood grocery stores (Kirana, Medical stores, Pan stores, etc.)
- Very strong increase in touch points of over 50,000 in Q4 FY 22 in line with the strategy

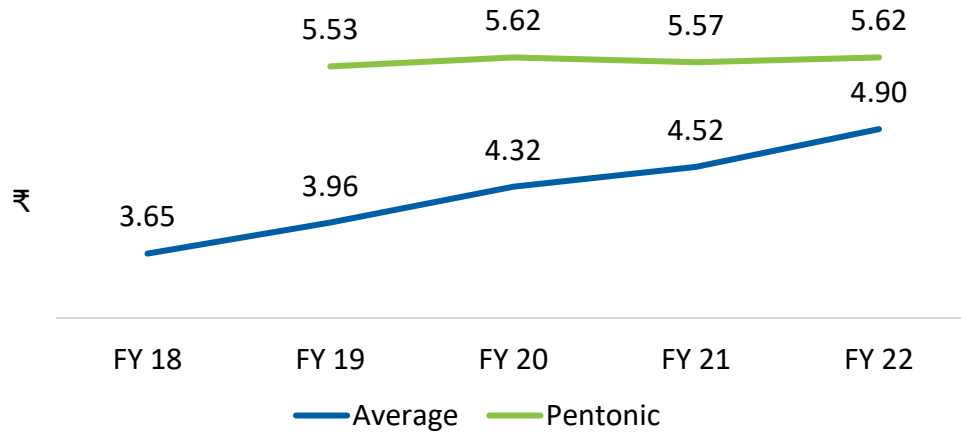
## Focus on brand building



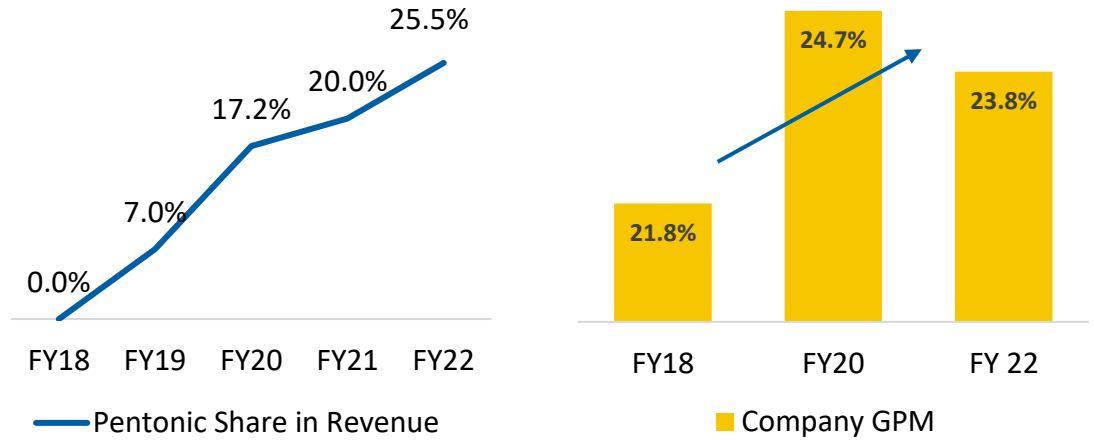
- Spent over ₹ 7,800 lacs on brands over last 12 years
- 2.2% of revenue spent on brands over last 12 years
- Reduced spent during covid period to conserve cash
- **Step up brand spend going forward ~ 3% of revenue**

# Operational Highlights (Cont..)

Growth in average realization of Pens



Focus on higher margin products



- Consistent increase in average selling price
- Average realization increase possible due to focus on higher priced products

- '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 ~ 43%
- Significant increase in revenue share of 'Pentonic' over the last 4 years
- Hence overall GPM of the Company has increased by ~ 200 basis point

# Quarterly Profit & Loss.

₹ Lacs

Particulars	Q4 FY 22	Q4 FY 21	YOY Change	Q3 FY 22	QOQ Change	FY22	FY21	YOY Change
<b>Operating Income</b>	<b>11,055</b>	<b>9,377</b>	<b>17.9%</b>	<b>9,533</b>	<b>16.0%</b>	<b>35,496</b>	<b>25,666</b>	<b>38.3%</b>
Gross Profit	2,536	2,168	17.0%	2,416	4.9%	8,441	5,753	46.7%
<b>Gross Profit (%)</b>	<b>22.9%</b>	<b>23.1%</b>	<b>-0.8%</b>	<b>25.3%</b>	<b>-9.5%</b>	<b>23.8%</b>	<b>22.4%</b>	<b>6.1%</b>
Op EBITDA	584	653	-10.6%	671	-13.0%	2,153	1,017	111.7%
<b>Op EBITDA Margin (%)</b>	<b>5.3%</b>	<b>7.0%</b>	<b>-24.1%</b>	<b>7.0%</b>	<b>-25.0%</b>	<b>6.1%</b>	<b>4.0%</b>	<b>53.1%</b>
Other Income	161	113	42.4%	42	279.2%	288	146	97.7%
Finance Cost	20	20	2.8%	8	143.4%	73	274	-73.3%
Depreciation	327	306	6.9%	337	-2.9%	1,282	1,269	1.0%
PBT	398	441	-9.7%	369	8.0%	1,085	-381	NA <sup>1</sup>
<b>PAT</b>	<b>299</b>	<b>620</b>	<b>-51.7%</b>	<b>279</b>	<b>7.4%</b>	<b>813</b>	<b>4</b>	<b>NA<sup>2</sup></b>
<b>EPS (₹)</b>	<b>2.01</b>	<b>4.17</b>	<b>-51.7%</b>	<b>1.87</b>	<b>7.4%</b>	<b>5.47</b>	<b>0.03</b>	<b>NA<sup>2</sup></b>

**Note:**

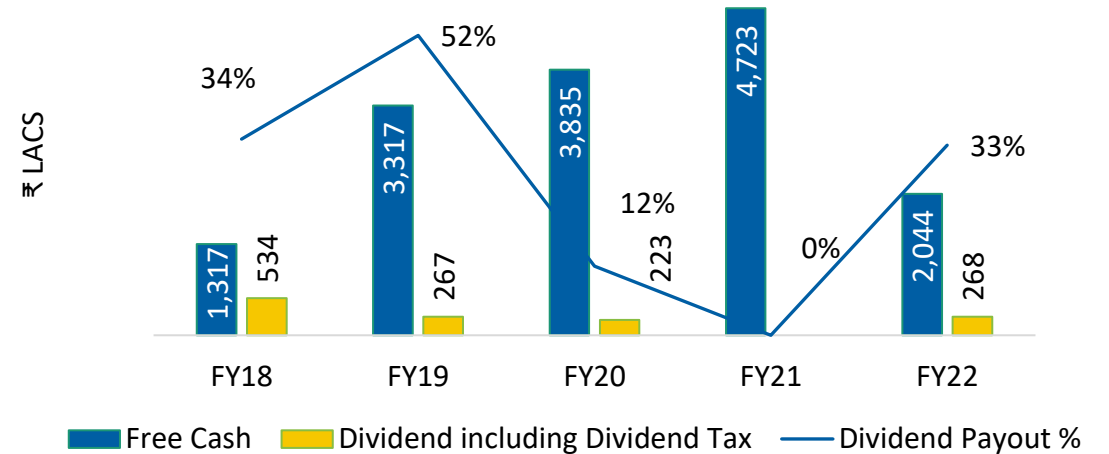
1. Considered NA as PBT in FY 21 were negative
2. Considered NA as PAT and EPS were very small in FY 21

# Focus on Shareholder Value Creation.

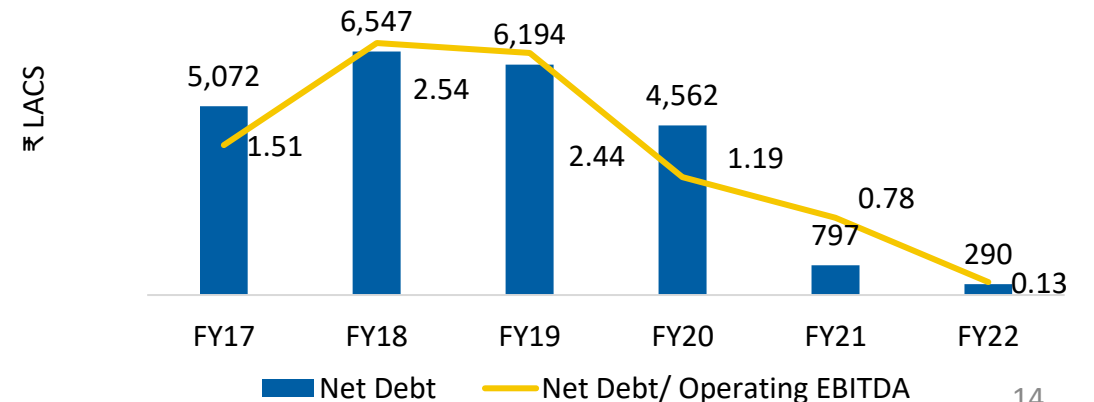
- Steady increase in Free Cash Flow
- Consistent Dividend Pay-out track record of greater than 30% (Other than Covid years due to cash conservation)

- Steady and significant decrease in Net Debt
- FCF used judiciously to reduce Net Debt to as low as ₹ 290 lacs in FY 2022
- Capex commitment funded largely through internal cash generation
- Net Debt / Operating EBITDA reduced significantly from peak of 2.54 in FY 2018 to 0.13 in FY 2022

FCF VS DIVIDEND PAYOUT



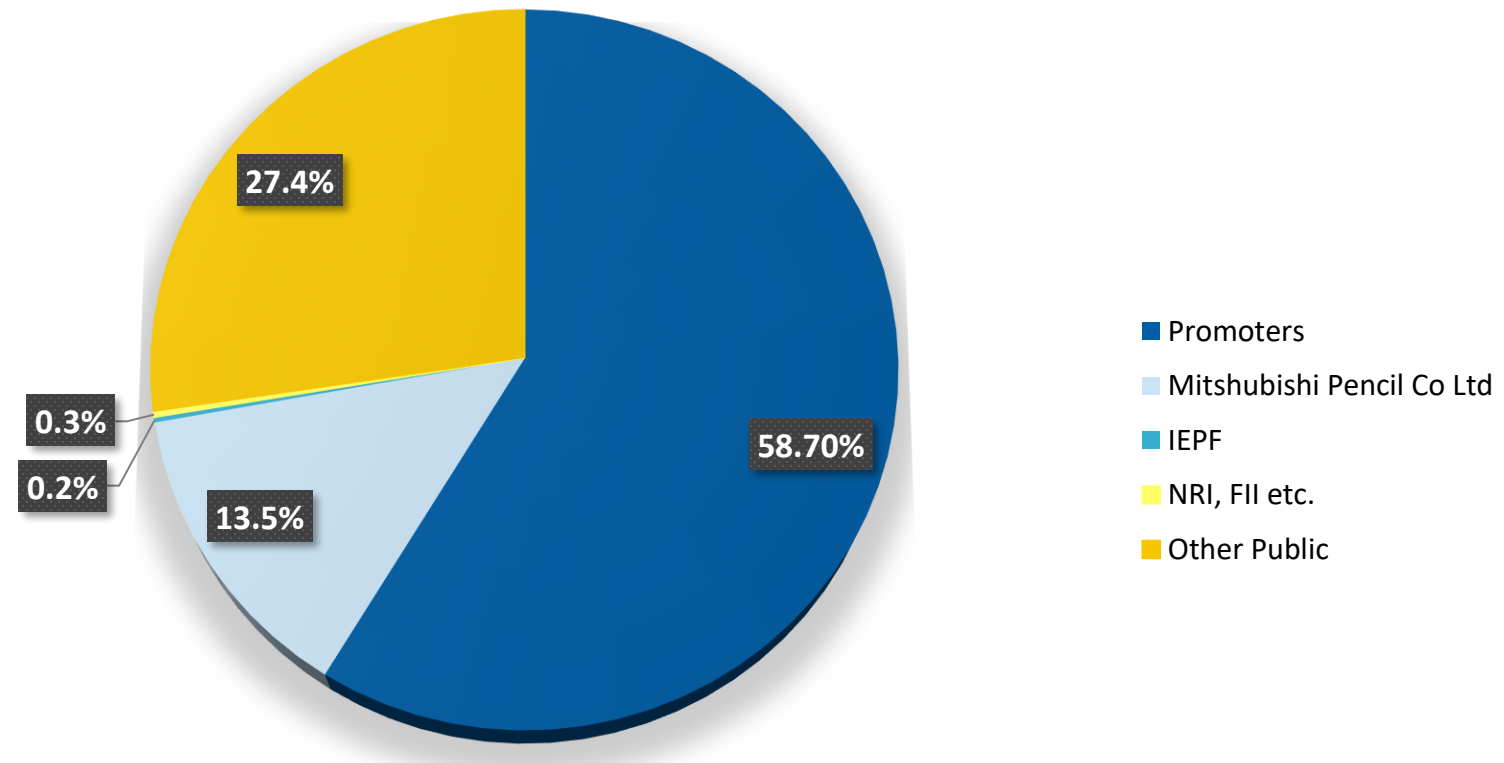
Net Debt and Net Debt/Operating EBITDA



Note

1. Free Cash is Net Cash generated from Operating Activities

# Shareholding Pattern.



As on 31<sup>st</sup> Mar 22



# Why Linc?.



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# Thank You.

For further details please contact

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