



6th February 2023

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Dear Sir,

Sub: Post Earnings Call - Submission of Transcript

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Post Earnings (Conference) Call held on Friday, 3rd February, 2023 which is simultaneously uploaded on the website of the Company.

This is for your information and record.

Thanking You

Yours faithfully

For LINC LIMITED

KAUSHIK RAHA
Company Secretary

Encl: as above



**“Linc Limited
Q3 FY2023 Earning Conference Call”**

February 03, 2023



**HOST: MR. NAVIN AGARWAL
HEAD, INSTITUTIONAL EQUITIES - SKP SECURITIES LIMITED**

**MANAGEMENT: MR. DEEPAK JALAN
MANAGING DIRECTOR – LINC LIMITED**

**MR. N.K. DUJARI
DIRECTOR FINANCE – LINC LIMITED**

**MR. SANJEEV SANCHETI
UIRTUS ADVISORS LLP (IR ADVISORS)**



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Moderator: Ladies and gentlemen good day and welcome to the Linc Limited Q3 FY2023 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions post the management's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Navin Agarwal - Head Institutional Equities at SKP Securities Limited. Thank you and over to you Sir!

Navin Agarwal: Good afternoon ladies and gentlemen. It is my pleasure to welcome you to this earnings conference call on behalf of Linc Limited and SKP Securities. We have with us Mr. Deepak Jalan, Managing Director, Mr. N.K. Dujari, Director Finance, and Sanjeev Sancheti, Uirtus Advisors LLP the IR advisors to the management. We will have the opening remarks from Mr. Deepak Jalan followed by Q&A session. Thank you and over to you Mr. Jalan.

Deepak Jalan: Good afternoon and very warm welcome once again to Linc Limited Q3 FY2023 earnings conference call. I will take you through the business and operational highlights of the quarter gone by while our director finance Mr. Dujari will share the financial metrics. I am excited to share that Q3 FY2023 witnessed another back-to-back strong performance with the company reporting its highest ever profit with improved margins. Pentonic sales continued to grow with its share crossing the 30% mark. Linc revenue also posted strong growth. Further export revenues continued its growth trajectory too, hence our operating revenue grew by over 30% Y-o-Y at Rs.124 Crores. With Pentonic sales contribution continuing to grow and with plans of introducing new products in the Pentonic stable, we expect strong top line growth in the coming quarters as well. In the writing instruments segment, the company continues to have a strong presence with a market share of about 8% and company's focus on Rs.10 plus segment of the market since the launch of Pentonic brand has helped the company grow at a faster pace. One of the USPs of the product is perceived value due to its unique design has gone a long way in establishing Pentonic as one of the strongest brands in its segment. In over three years, Pentonic now contributes over 30% of company's core revenue as against less than 7% in FY2019 when it was launched. Due to higher GPM of over 40% in Pentonic series, the company's average GPM which was below 22% in FY2018 has crossed 33% in Q3 FY2023. Better product mix along with steady raw metal prices has resulted in sharp increase in operating margins. Exports contribution increased to 23% as against 20% in the same quarter of the previous year. Operating EBITDA margin also increased sharply to 14.6% in the quarter as compared to 12.3% in Q2 of the same year and 7% in Q3 FY2022. Of late, polymer prices have been on a slight uptrend which we intend to offset by improving the product mix. With this we expect to maintain our profitability. Linc 2.0 which we have been discussing for last 2-3 conference calls. The five prone strategy embarked upon by the company in the last quarter of FY2022 has started bearing fruits and company has been able to achieve highest ever profit and significantly improved margins over the last two quarters. We continue to focus on our core strength and the laid down strategy and we believe the company will not only grow rapidly over the next few years, but will also be able to expand its margins with judicious product mix and economies of scale.



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The strategies adopted by the company are once again listed below. The first is increased touch points. India has over 10 million non-stationary outlets as you may be knowing Kirana's, medical stores, pan stores etc., and from nowhere in FY2020 the company has reached to almost 1.4 lakh such outlets directly thus taking its total touch points to over 2.4 lakh outlet. The company expects to expand its overall reach to more than 5 lakh touch points by FY2025.

The next point is the focus on higher margin products. We continue our focus on higher value and higher margin products. Quite a few products are under development in Pentonic portfolio and one of them priced at Rs.40 is finally likely to be launched in this quarter. Inroads into stationary products. Company's foray into full range of stationary products through an exclusive tie up with Deli is progressing well and we expect to generate a minimum of Rs.100 Crores of revenue in three to four years time. In fact we have already done a top line of Rs.18.5 Crores in the first nine months and we expect to close the year anything between 25 to 30 Crores.

Step up of the existing capacity. To meet the targeted demand we are planning to increase our manufacturing capacity at Gujarat by putting up an additional manufacturing facility adjacent to our existing factory which was also mentioned in my earlier conference call.

On ESG front, the company has taken the following initiatives. Number one is substituting plastic wrappers with bulk packing and paper boxes. This initiative saved about 60 tonnes of plastic in FY2022 as mentioned earlier also. We employed more than 1200 female workers in our manufacturing facilities. We also employ and provide training to a small number of specially abled workforce. We support several NGOs who provide education to the less privileged sections of the society. The company is actively working on projects like recycling used pen. Consumers are encouraged to change the refill rather than buying a new pen under its refill more campaign. These efforts will go a long way in contributing towards reducing the carbon footprint of our planet. Now I would like to handover the call to Mr. Dujari to provide updates on financial numbers. Thank you.

N.K. Dujari:

Thank you Mr. Jalan. Good afternoon ladies and gentlemen. Many thanks for joining the Q3 FY2023 Linc Limited earnings con call. I will give a brief overview of the financial numbers for the quarter before we open for Q&A. During Q3 FY2023, the companies operating revenue grew by over 30% from Rs.95 Crores in Q3 FY2022 to 124 cores. With improved product mix, increase in selling price of its legacy product, rationalization of input prices and strengthening of USD the company achieved record profit in the current period with operating profit margin crossing 33% in Q3 FY2023. Q3 FY2023 PAT stood at 11.1 Crores up from 2.8 Crores in the same quarter of the previous year. Q3 FY2023 EPS stood at 7.48 versus Rs.1.87 in the same period last year. Company continues to use its free cash flow judiciously and in the process has been able to reduce its net debt significantly over last four years. From a net debt of Rs.62 Crores in FY2019, the company is now debt free with a free cash flow of over 16 Crores as on 31st December 2022. As informed, the company has embarked upon an expansion plan in Gujarat next to its existing plant with a basic infrastructure has been created to double its capacity to 20 lakhs pens per day. Some of the critical equipment machine will be added in modular fashion in sync with the demand needs. With the



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total cost of the project is expected to be Rs.50 Crores the first phase of the expansion which will increase the capacity by 5 lakh pens per day will cost only Rs.35 Crores and will be operational by Q4 FY2024. The expansion will be largely funded by internal accrual.

On the back of strong demand for company's products, better product mix and improved margin, the company is revising its guidance upwards to achieve top line of over Rs.700 Crores by FY2025 with a CAGR of over 25%. During this period, the share of Pentonic revenue is expected to go to over 35% while Deli is expected to contribute over 10%. We expect to achieve annual operating EBITDA margin over 14% by FY2025. With low cost modular expansion and judicious use of debt we also expect ROE to be above 21% by FY2025. We continue to remain focused on our long term goal of sustainable growth, profitability and a strong deleveraged balance sheet. With this I leave the floor open for Q&A. Thank you.

Deepak Jalan: Thank you Navin. Thank you everybody for joining this call. If you have any more questions please do reach out to Mr. Dujari. I am handing over to Navin to open it for Q&A.

Moderator: Thank you. Ladies and gentleman we will now begin the question and answer session. We have the first question from the line of Dhaval Shah from Girik Capital. Please go ahead.

Dhaval Shah: Congratulations on great numbers and I must say a great distribution and the product basically is fantastic on the ground. Over the next two, three years on the guidance which you shared if you can help us understand what sort of advertising spends are we planning to do and also with the expanding distribution reach, how do you see the competition also shaping up after seeing the success of your brand. These are my two questions.

Deepak Jalan: So far advertisement budget is concerned we have earmarked about 3% of our sales to go towards the advertisement whether it is ATL or BTL. While I would say that as you know or we call it, writing instrument is a low involvement category and of course we cannot expect to create a brand pull from this pen but this is mainly towards the hygiene like just to keep the top of the mind recall for the brand so that when the customer goes to the point of purchase or point of sale Linc Pentonic is under his consideration so that is the purpose we are trying to meet with the ad spend and of course you would see that the brand is quite visible in different media so this is about the advertisement, but secondly for any FMCG product the most important is the distribution which you mentioned and as I mentioned in my brief that we continue to expand our reach and so that is the only way to increase our revenues rapidly. As rapidly as we expand our reach, the revenues will grow as much and of course the competition can also increase their reach, but India is such a large market that there is a room for at least three, four players and we like to be always the first mover so we will always carry this first mover advantage.

Dhaval Shah: So what I meant by distribution is like Hauser I see equally well placed in the stationary shops or any other outlets where you get Pentonic. For example the way I see Pentonic box and Hauser box are kept next to each other in Mumbai. The same way I saw it in a small village in Gujarat okay so Hauser is equally aggressive so in terms of product basket is the competition also following us the

same way or how would the incomes in terms of our offering to the market. They are also like same way Rs.10 to Rs.15 bracket.

Deepak Jalan: Fortunately the competition is following us, so why I say fortunately because so long they keep following us so generally it is seen that if you follow the competition, the success rate is low so in the past many of the existing brands they have tried to copy Pentonic, but most of them have been unsuccessful and lately two brands have been reasonably successful and one of them is Hauser definitely, but as I said that we have several products in pipeline and so all the products which are launched under Pentonic would definitely be much better than any competition products and I know that all of those products would also be copied, but by that time we will have some hit.

Dhaval Shah: Sir my second part of the questions is about new product you mentioned about Deli under a Deli brand so what will be the category of products. Will it be the crayons and compass box so what it will be what other products will we be getting.

Deepak Jalan: Under Deli mainly although they have a wide range of stationary products and several categories including what you also mentioned but currently our focus is on categories like calculator. So currently in calculator there is only one international brand Casio which is very popular and there is no second brand in the market so we are trying to take that position of being close number two brand so that is our main focus apart from that scissors is another category where we are focusing so scissors is of course it is quite a grey area because it falls into stationary also it falls into outside stationary so this is one large range which we have introduced in the Deli brand and then there are several other stationary products.

Dhaval Shah: Great Sir and also it mentions a lot of filing products.

Deepak Jalan: Yes there are several files, PT files and folders and regular files then there are correction tapes or double side tapes, desk organizers, pen stand, they have a large range. We are choosing categories which we can do better job.

Dhaval Shah: Just last thing so are we also trying to get into crayons because in that segment will heat up with this new player I think Dormos or Doms something like that. Doms it has given a tough fight to Camlin.

Deepak Jalan: Right now we do not have any plan to launch crayons under Deli brand because that will not be very competitive so we have plans to introduce such products in coming future. I mean not immediate future but we have our eyes on such product.

Dhaval Shah: Okay great Sir. Thank you very much and wish you the luck.

Moderator: Thank you. We have the next question from the line of Himanshu Upadhyay from O3 capital. Please go ahead.



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Himanshu Upadhyay: Good afternoon and congratulations on great set of results. So my question is taken from the previous participant only. Our touch points have increased quite dramatically okay and even if take out Kirana medical stores and pan stores. The stationary which has been the main bread and butter business for us has also increased quite. What is our penetration? Let us say stationary would be under 1 lakh stores okay where we would be present. In terms of our product presence Deli and all these Pentonic and Linc those products how present are we with our traditional product and in terms of Deli also what is the level of penetration and how soon can we increase that penetration because I think initial products what you're trying to do are 5 and Rs.10 products at the Kirana stores of Rs.10 and Rs.15.

Deepak Jalan: Actually Rs.10 product.

Himanshu Upadhyay: Yes Rs. 0 product. Now we want to get more out of those players okay so what are we doing to increase the throughput per store.

Deepak Jalan: One is that when we launched Pentonic it was launched in 50 piece display so we were able to sell 50 pens at a time to a retailer but today I mean of course several months back we have also developed 100 pen display so now our team is trying to promote that 100 pen display so to increase the depth at the retailer point so we are migrating from 50 to 100 so of course there are some retailers who still buy 50s but many retailers we have been able to convert to 100 pen display so this is how we are trying to increase our penetration into the retail outlet. Apart from that the availability of our Linc and Pentonic pen I would say like out of the total universe of 2,40,000 outlets which we enrolled or sold even one about 80,000 outlets we are billing like every month. So many outlets are billed every two months or three months, but on regular basis we are billing to 80,000 outlets so as far Deli is concerned the penetration is still very low. We are currently doing less than 15,000 outlets so this penetration is going to increase like every week.

Himanshu Upadhyay: Let us say in FY2020 we did around 400 Crores of sales okay and we had 65,000 stores or touch points.

Deepak Jalan: 400 Crores out of which almost 80 Crores was exports.

Himanshu Upadhyay: So 320 Crores and 65,000 so nearly 40,000 per store we were getting. We have 2,40,000 can we achieve in next two to three years similar turnover on these 2,40,000 stores or do you think because the Kirana medical stores and pan stores are bigger proportion, the throughput per store for us would be lesser.

Deepak Jalan: Yes absolutely right. Exactly just by multiplying the number of outlets we cannot multiply in the same ratio our revenue so the revenue per outlet would be much lesser because typically a stationary outlet can even buy goods worth Rs.25,000. I mean not all but some of them whereas a Kirana or a general store or a pan store typically, their purchase would be anything between Rs.500 to Rs.1500 every month and that too not every month so this difference would be there, but



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definitely by increasing the number of touch points we will be able to achieve our targeted CAGR of about 20 to 25%.

Himanshu Upadhyay: Okay and two small things so this 65,000 stationary points which are currently around 1 lakh, in how much time you think can they achieve the traditional target of 40,000 to 45,000 for us. What we were billing. How much time will it take for the these stores.

Deepak Jalan: Sorry I could not get your question.

Himanshu Upadhyay: The 65,000 was the stationary shops in FY2020 and which is currently around 1 lakh stores and how much time will it take or where are we in the sales per store for our main channel. Are we 70-80% of what we were in FY2020 or it will take a lot of time to reach that.

Deepak Jalan: I am still not clear about the question.

Himanshu Upadhyay: Sir I am saying that the stationary stores we had 65,000 stores which used to do Rs.320 Crores of sales okay? Today we have 1 lakh stores?

Deepak Jalan: Yes including the whole sale contribution yes.

Himanshu Upadhyay: And I am saying today we have 1 lakh stationary stores so can these 1 lakh stationary stores get me around Rs.40,000 per year in next one or two years Rs.40,000 to Rs.50,000?

Deepak Jalan: It is difficult to say that and I am actually not prepared for such micro details but as I said...

Himanshu Upadhyay: Okay we will take it later on. Sir the other question is, we have increased over touch points okay and from 65,000 to 2,40,000 okay and a lot of addition has happened at places where the orders are not regular okay as you mentioned earlier so does your distribution network also evolved to cater to the new changes which have happened?

Deepak Jalan: First let me answer this so definitely one of the challenges which we are facing is because our network or our distributors are mainly in the stationary category so they are used to servicing the stationary outlets and not the other than stationary outlets so this is one challenge which we are facing so what we are trying to do is identifying distributors who have equal reach of the FMCG outlet as well so this is the kind of a transition period going for us and which will take a long time. It is not very easy to change the distributor profile so those distributors who are not willing to service the non-stationary outlets will be gradually phased out and new set of distributors will come in, but as I said it is a long drawn process and this is how it is going to evolve yes.

Himanshu Upadhyay: One thing from FY2020 till today how much would our sales force would have increased?

Deepak Jalan: The sales force is more or less same. As I mentioned in my earlier calls that we have some a small team of telecallers so the low throughput outlets are being serviced by these telecallers so we try



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to keep the number of field staff same but definitely it is going to increase gradually but not very radically.

Himanshu Upadhyay: Thank you.

Moderator: Thank you. We have the next question from the line of Saket Mehrotra from Tusk Investments. Please go ahead.

Saket Mehrotra: I heard that you were talking about a guidance of about Rs.700 Crores revenue by FY2025? Is there any sort of interim guidance you have set for FY2024?

Deepak Jalan: Not really as I mentioned that of course we are looking at a CAGR of about 20% to 25% so that can be taken as a guidance, but we have not given any number for FY2024, but as soon as we revise the guidance from Rs.650 Crores to Rs.700 Crores for FY2025.

Saket Mehrotra: Okay and the other thing there was also mention of that the annual operating EBITDA margin roughly you are looking at about 14% odd so this quarter I think we did about 15% so is this like one off or do we expect this to normalize at 14%?

Deepak Jalan: No it is not one off. In this quarter we achieved 14.6% to be precise but I like to admit that this quarter the polymer prices have been one of the lowest so that has benefited us and so currently we can see some upward trend in the polymer prices, but having said that because our product mix is improving every month so we can offset such price increases so we should be able to maintain this around 14%.

Saket Mehrotra: Okay thank you so much and all the best.

Moderator: Thank you. We have the next question from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Thank you so I just wanted to first congratulate on a great set of results so one of my question is also very related to a previous participants question that our margin we have already done about 14.6% and so the margin with higher scale, economy of scale seems a bit conservative so how much did the polymer price impacted us like that because even last quarter we did above 12% so how much differential could that be right now?

Deepak Jalan: Yes so I think the contribution of polymer prices in this would be maybe about over 100 basis points maybe 100 basis or 150 basis points. Nine months is 12.7% EBITDA and of course this quarter has been more than 14.5 but of course with scale definitely we should be able to maintain or actually improve upon this but we just like to be a little conservative because maybe in some quarter there can be higher ad spend if we are launching a new product so for those factors we just trying to keep it a little conservative.



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- Darshil Jhaveri:** Okay Sir that is fair enough and Sir my other question was regarding our stationary business so I think currently about 10% of our revenue comes from a stationary non writing segment so would this enjoy a similar margin profile as a writing or would there be a difference?
- Deepak Jalan:** Definitely not, the gross margins would be much lower in this stationary segment since these are outsourced, but I think we should be able to at least improve our EBITDA with overall increase in the revenue so that is the idea.
- Darshil Jhaveri:** Okay Sir so currently how much EBITDA would non stationary products be doing?
- Deepak Jalan:** Actually I am not very sure about that because there are different categories have different margins so I am not very handy with that but definitely lower yes.
- Darshil Jhaveri:** Okay and target would be to get this to Rs.100 Crores? Deli revenue to get to Rs.100 Crores by we can expect by FY2025 or how would that?
- Deepak Jalan:** FY2026.
- Darshil Jhaveri:** So that is by FY2026 yes? I think that helped. Thank you so much and all the best for the upcoming quarters.
- Moderator:** Thank you. We have the next question from the line of Hiten Boricha from Joindre Capital. Please go ahead.
- Hiten Boricha:** Thank you for the opportunity. Sir I have a couple of questions. I am tracking your company for the first time so my question was on the Deli brand which we have started so just wanted to understand we are looking for the new products you mentioned calculator, pencils, crayons, etc., so all these brands, all these products which we are going to manufacture everything will be outsourced right?
- Deepak Jalan:** Yes so currently under Deli brand we are already doing calculator, scissors, desk organizer and all these are imported from Deli but definitely when we get into products like crayons which are very close category to the writing those products we may not launch under Deli which we may like to produce by ourselves or outsource locally under Linc brand.
- Hiten Boricha:** You are talking about crayons right?
- Deepak Jalan:** Yes I am talking about crayons yes.
- Hiten Boricha:** Okay and Sir you mentioned we are doubling our capacity to 20 lakhs pens so currently pen expense what is the utilization here?
- Deepak Jalan:** This utilization of course varies from month to month but on average you can say we are able to utilize more than 80%.

- Hiten Boricha:** More than 80%? Is this a peak realization or we can go up to 100 or maybe a more than 105?
- Deepak Jalan:** We are actually utilizing 100% in the peak month but in the lean months it is less than even 80% so on average as I said that it would be about 80% so in the high season months we are struggling with the supplies.
- Hiten Boricha:** Okay Sir and only one last question. You mentioned we are looking to grow at around 20% to 25% for next two three years and we are consistently doing Rs.100 Crores to Rs.125 Crores sales from last two quarters so is it your guiding conservatively this year or maybe if we are going to do another Rs.120 Crores kind of sales in Q4 so our sales should grow more than 30% to 32% right so is it you are guiding conservatively or there is a seasonal type of phase in our business?
- Deepak Jalan:** No actually frankly speaking we like to grow at a much faster pace, our plans are always more than 25% is the target the internal targets but we realized that whatever you do in this category to grow more than 20% to 25% is not that easy so that is the guidance we have kept, but we are always internally aiming at a much higher growth rate.
- Hiten Boricha:** Okay just a follow up on this Sir so we have already passed one month for this quarter so can we easily do around Rs.100 Crores sales in Q4 also if you can like give some sort of understanding how this quarter is panning out?
- Deepak Jalan:** Actually traditionally Q4 is the best quarter for us and so if we have done already Rs.125 Crores in the last two quarters ideally it should be more than that. It should be minimum Rs.125 Crores so this is what I mean to say.
- Hiten Boricha:** Okay from maximum when your part come from Q4 understood? Sir thank you for the opportunity. I will get back in the queue Sir.
- Moderator:** Thank you. We have the next question from the line of Devishri Malli from BS Investment. Please go ahead.
- Devishri Malli:** Good afternoon. Congratulations for a good set of number. Most of my questions have been answered. I just wanted a little qualitative input from your side that for the 20% to 25% growth in like you said internally you try little higher number what would be the risk or the **44:14 audio cut** obstacles in risk that you see sort of these guidance just qualitative way of understanding?
- Deepak Jalan:** If I have understood your question correctly the risk could be that we have built up capacity as per our projections internal projection and if we are not able to meet that we may land up with some excess inventory and some excess capacity so that is only risk which we foresee. Other than that there is not much risk.
- Devishri Malli:** Okay maybe I am sorry I think I was not clear in the question. Sir what I am trying to understand is that part one is that when we do the planning of 20% to 25% growth what are the key drivers that we sort of identify that whether its geographic expansion, whether it is a category expansion



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and things like that and in terms of each of those drivers what are the risks that you see if you can call them out right?

Deepak Jalan: Okay so the first of course is the premiumization so as you would see that traditionally majority of our revenue used to come from below I would say a Rs.5 pen but today our revenue from Rs.10 and above is almost 60% which used to be less than 20% a few years back so I think that is the major driver for the value revenue growth. Of course apart from that as we have been talking about increasing the touch points even geographical expansion so traditionally we have been an Eastern region centric company but our contributions in the Western and Southern zones have increased substantially in last two years I would say with introduction of Pentonic so yes we have a good opportunities to grow in Southern markets and the Western market and of course export yes so these three I would say.

Devishri Malli: Sure that is quite helpful. Thank you. Just the last bit on the export which are the countries that primarily cater to and how do you see that over the next few years?

Deepak Jalan: So of course we actually export to more than 40 countries across the world so we have customers even in the US. We have customers in Japan. We have customers in South East Asia. Africa is I would say one of the major market and some countries in the Middle East so we are almost all over even Russia for that matter so we are almost all over and we are trying to penetrate deeper into these existing markets apart from opening newer market so this is about the exports.

Devishri Malli: Great and you say that export margins are at least equivalent or do you think they will be slightly lower?

Deepak Jalan: Actually for us fortunately export margins are higher than the domestic margins.

Devishri Malli: So that means that export mix of overall revenue as a percentage to the overall margin as such?

Deepak Jalan: Yes right so this is how we like to hedge the polymer price fluctuations. As we increase the export contribution we can take care of such fluctuations.

Devishri Malli: Got it. Thanks a lot Sir and wish you all the best.

Moderator: Thank you. We have the next question from the line of Yash Bajaj from Lucky Investment Manager. Please go ahead.

Yash Bajaj: Good evening Sir. Congratulations on a great set of numbers. Sir I had a question regarding the change in strategy which we made by consulting Vector Group so I just wanted to understand what were the key observations and what was something which we changed on and we could tap on the right consumer behavior?

Deepak Jalan: Well actually Yash there has been no change in the strategy. When we roped in Vector the purpose was we called it RREP reach and range expansion project so we are continuing to work on that

even though the speed of expanding reach is a little moderate currently, but yes I think that is the only way to achieve our revenue growth objectives so there is no change actually.

Yash Bajaj: So suppose before Vector or whatever gave us consultation so before that we were targeting only stationary shops as compared to what we are doing right now in terms of Kirana and pan shops?

Deepak Jalan: Actually before Vector came on board frankly we did not have much of automation or digitalization which we have today so we have great visibility of how many stationary outlets we are directly covering so that is the added benefit which happened after Vector came on board and yes before Vector came we were trying to sell to the existing set of retailers and trying to give them QPS the quantity purchases scheme so I think we were not really doing the right thing so we were expecting that the same retailers would give us increased revenue which was actually not happening so that was the reason that we were at a kind of a loss that we are not able to grow and we roped in Vector and yes so it is not that only we are expanding our reach into Kirana stores, but we are also expanding our reach into untapped stationary outlets across the country.

Yash Bajaj: Okay and if you could Sir throw some light in terms of or just to try to help us understand what is the distribution like right now in terms of how does it function basically once you, is it on an order basis that once is that time do we deliver the products to them or it is on a month on month or quarter-on-quarter basis? How is it like right now?

Deepak Jalan: So today we call it a buffer penetration replenishment so currently we have this system that from our channel partner. Let us say if a channel partner sells one carton of a particular product it automatically triggers into our system and one carton is gone into production so it is basically rather than a forecast based supply chain it is the consumption based supply chain so this is how we are currently operating I think which most of the companies are now trying to follow in other industries. I am not sure about our industry but in many other industries this is how it is being followed.

Yash Bajaj: Okay got it Sir and just last question Sir so all the 2,40,000 touch points are on this portal which you mentioned or how is it like right now or where are we?

Deepak Jalan: So as I mentioned that we are not billing to these 2,40,000 outlets every month so some of the retailers they are buying once in three months. So there are many such outlets like those non stationary outlets so the frequency of buying is much lesser compared to the stationary outlet.

Moderator: Thank you. Ladies and gentlemen, we will take the last two questions from the line of Zaki Nasser an Individual Investor. Please go ahead.

Zaki Nasser: Congratulations to you and team Linc for such a healthy wonderful set of numbers Sir and I think there is a lot of optimism in your voice when you say that Q4 would be the best in the current year. Mr. Dujari has said that 2025 you are looking at Rs.700 Crores Sir with an EBITDA of 14%? Now how would this look Sir? How much would be Pentonic on? How much would be your Deli and



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how much would be Uniball or Mitsubishi Pencil that is my first question Sir? Another question I see a lot of visibility on the Mitsubishi JV where a lot of more ads for Uniball are being seen, do you plan anything like that for your Deli tie up? How would the Deli tie up look going head? Sir would that be little more formalized and stuff like that Sir? Thank you.

Deepak Jalan: Okay so about the first question Pentonic we estimate that it should be about 35% contribution in our overall revenues by FY2025 and that I am saying at least I am saying at least so it should be more than that because that is going to drive our GPM and Deli contribution should be anything between 10% to 15% and similarly Uniball 10% to 15% and as we go forward, we will be able give a more accurate numbers but this is the range which we are expecting.

Zaki Nasser: Okay this is the broad range and relationship with Deli Sir because I think that is also a major company so how would they want to formalize tie up with Linc?

Deepak Jalan: Yes so actually we are of course we are talking even with Deli and even with Uniball we are talking of much more than what we are currently doing but it takes a lot of time to make decisions so right now we are good with increasing the market share of the categories which we are handling from Deli and Uni and coming to your next question about the brand visibility of Uniball and even Pentatonic you must have seen...

Zaki Nasser: Pentatonic is visible everywhere? Uniball is little more visible but what about Deli Sir?

Deepak Jalan: Even Deli we have currently a print campaigns going on particularly in the Northern region where in several publications you can see Deli add also apart from Linc and Pentatonic.

Zaki Nasser: Thanks a lot and best wishes for the year Sir. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will take the last question from the line of Ashok Shah from LSC Securities. Please go ahead.

Ashok Shah: Thanks for taking my questions. Sir first of all can you just give some idea why we are expanding immediately after starting a first plant and again we are expanding and increasing the capacity?

Deepak Jalan: Sorry come again.

Ashok Shah: We are expanding our production capacity at Gujarat plant I think so what is the reason because we just started after many years I think 40 years we started a plant near Western India because we are basically in a low price area company? We are basically in Eastern India working always where it is a very much price sensitive market but we entered Western India first time with the production capacity and we are again expanding it?

Deepak Jalan: So Ashok we are no more Eastern India brand. We are a national brand and we are not only national we are an international brand. Our products are available in 40 countries and to meet the increasing



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demand we have to expand our capacity and so whether it is in Gujarat or in Bengal it does not matter. We have to increase our capacity to meet our growth objectives.

- Ashok Shah:** So what was the capacity utilization at our Western India plant?
- Deepak Jalan:** So as I mentioned earlier to one of the participants that we are on average is about 80% but in the peak season month we are short of supply. It is actually 100% capacity.
- Ashok Shah:** Okay so what will be this increasing capacity in the expansion? It will double or it will be more than double?
- Deepak Jalan:** It will be double as per the projection in two years' time.
- N.K. Dujari:** It will be done in a modular way. As the demand picks up we will keep on adding the capex.
- Deepak Jalan:** So it will be done in a phase wise. It is not that in one shot we will double the capacity so we will do it very prudently.
- Ashok Shah:** Okay Sir can you just guide me that if we produce the Rs.5 pen and if we produce the Rs.10 pen or the Rs.20 then what is the production cost beside the raw material?
- Deepak Jalan:** Well we are no more producing Rs.5 pens so I cannot say about that but we are now in the Rs.10 plus price segment so as you know that the GPM is more than 40% in our Pentonic range which is similar in the Rs.10 and the Rs.20.
- Ashok Shah:** So as I understand the cost to produce a pen of Rs.5 value or the Rs.10 or the Rs.30 value it is the same?
- Deepak Jalan:** Yes similar actually yes Rs.5 the cost would be little higher in terms of percentage so but if it is Rs.10 and Rs.20 it is in the range of that as I said GPM is 40% and as we go up yes maybe slightly better.
- Ashok Shah:** So can you just guide me what is the percentage wise sale happening from Western India or North India and Eastern India which is the price sensitive market?
- Deepak Jalan:** So yes I can tell you that exactly I can tell you that our contribution from Eastern India which used to be our dominant market traditionally so currently the contribution from East and North which used to be our large markets is about 65% which used to be more than 70% actually so there has been increase in the share from Western and Southern regions so it used to be less than 30% which is currently more than 36%.
- Ashok Shah:** So does it mean that we are able to sell a premium product in Western India more than in Eastern India?



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- Deepak Jalan:** Frankly speaking we are not really in very premium products. We are in the Rs.10 and Rs.20 price points and they are actually sellable everywhere whether it is Eastern India or Western or South.
- Ashok Shah:** No I am talking about percentage wise sales?
- Deepak Jalan:** Percentage wise more or less for us it is more or less the same. We are selling equal number of Pentonic I would say in each and every region but yes you are right that traditionally Eastern region is low price point market but we are no more focusing on that low price point so there are regional players and unorganized players who are serving that price segment.
- Ashok Shah:** Okay Sir along with the new production capacity and everything I think as I have surveyed the Linc as a brand in Mumbai City our distribution facility is very weak I think as for the soft paper small shop or this stationary shop? Supply or the salesman is not reaching on regular basis or there is no touch point or what is happening I do not know but are we planning to increase or approach maximum touch point at premium segment or in Mumbai City?
- Deepak Jalan:** Ashok thank you for your feedback and I am going to pull up our sales manager in Mumbai because Mumbai is one of the key markets and focus market an actually I am guaranteeing to people that in every stationary shop you can find a Linc or a Pentonic so if there is still a gap I need to pull up our sales team, but I think that there may be some gaps definitely because general trade is very large market and there may be that our team may be missing some outlets.
- Ashok Shah:** Do we consider our company as a FMCG company because we are brand sensitive market?
- Deepak Jalan:** I consider our company as FMCG company because the pen is like used within a week or 10 days so whereas if you buy a bottle of oil, it lasts for a month so the pen is typically FMCG product and it is distributed like an FMCG product.
- Ashok Shah:** So simultaneously supply and the distribution will be improved like an FMCG company?
- Deepak Jalan:** Yes. We like to be Colgate of pen.
- Ashok Shah:** Sir there is one suggestion from my side as I am an investor since last more than 10 years so my suggestion is the you are sending every year one set of pen so better send some information about the company along with this set of pen because as an investor I do not get anything from your side in physical format neither an annual report nor any communication like half yearly results and nothing has been received physical format? I am talking about physical format not about emails so when you send some pen or something like that or some, one investor meetings is held in Mumbai city on a personal level or at our Mumbai Office then it will be much better because being a Kolkata based company it is very difficult to track the company on regular basis?
- Deepak Jalan:** First of all thank you for being investor for last ten years and definitely we will send you because after the COVID we started sending the online the annual report but we also print some annual



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reports in physical form and I have already asked Mr. Dujari to send you specially to you the physical annual report.

Ashok Shah: And try to hold one meeting at least once a year physical meeting in Mumbai City?

Deepak Jalan: Okay so that suggestion is well taken and maybe someday we can have one of the AGMs in Mumbai

Ashok Shah: No not AGM at least one plant visit of Western India?

Deepak Jalan: We will definitely do it yes.

Ashok Shah: Okay Sir thank you Sir. Thanks for taking my question. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Sanjeev Sancheti for the closing remarks. Please go ahead Sir.

Sanjeev Sancheti: Thank you everybody for joining this call. If you have any further questions please feel free to reach Mr. Dujari and the investor relations team. Stay safe. Stay happy. Thanks a lot and have a great weekend. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of SKP Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.