



14th November 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
Scrip Code- 022035	Script Code- 531241	Symbol- LINC

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 Thursday, 10th November, 2022 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  
Q2 FY 23 Earnings Conference Call”**

**November 10, 2022**



**MANAGEMENT:**

**MR. DEEPAK JALAN - MANAGING DIRECTOR  
MR. NK DUJARI - DIRECTOR FINANCE  
MR. SANJEEV SANCHETI - UIRTUS ADVISORS LLP**

**MODERATOR:**

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



*Linc Limited*  
*November 10, 2022*

**Moderator:** Good afternoon, ladies and gentlemen. Welcome to the Linc Limited Q2 FY23 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 after the management's opening remarks. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. 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's 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. NK Dujari, Director Finance; and Sanjeev Sancheti, Uirtus Advisors LLP; the IR advisors to the company. We will have the opening remarks from Mr. Deepak Jalan followed by a Q&A session. Thank you and over to you, Deepak ji.

**Deepak Jalan:** Thank you, Navin. Good afternoon and a very warm welcome to Linc Limited Q2 FY23 earnings conference call. I will take you through the business and operational highlights of the quarter gone by, while our CFO Mr. Dujari will share the financial metrics.

I'm pleased to share that Q2 FY23 has been a landmark quarter for us, as we have achieved the highest ever revenue and profits in the history of our company. While Pentonic sales continue to grow, Linc revenue also posted strong growth. Further, export revenue also experienced good growth on the back of higher volume and a stronger U.S. dollar.

Consequently, our operating revenue grew by over 35% year on year at INR 127 crore. With Pentonic continuing to grow and plans for introducing new products in the Pentonic table, we expect strong top line growth in the coming quarters as well. I'm happy to share that in line with our focus on brand building, we have launched the campaign for the new Pentonic B-RT ball pen which is being played at T-20 World Cup over Hotstar.

In the popular segment of Writing Instruments, more specifically the Pen segment, the company continues to have a strong presence with a market share of about 8%. Company's focus on INR 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 our three years, Pentonic now contributes around 30% of company's core revenue as against less than 7% in FY19 when it was launched. Due to higher GPM of over 40% in Pentonic Series, the company's average GPM, which was below 22% in FY18 have steadily increased to 30.5% in Q2 FY23. Increase in selling price of our legacy product, strengthening of the U.S. dollar and the rationalization of polymer prices during the period resulted in this sharp increase in operating margin.



*Linc Limited*  
*November 10, 2022*

Export contribution increased to 22% as against 18.7% in the same quarter of the previous year. The Japanese Yen depreciated against rupee by around 7.5% which resulted into reduced procurement costs of Uni-Ball product which we distribute in India. Consequently, the gross margin improved from 25.4% in the first quarter of this year to 30.5% in the current year -- the current quarter.

Operating EBITDA margin also increased sharply to 12.3% in the quarter as compared to 8.2% in the first quarter of this year and 8.1% in the Q2 last quarter -- the last year. The price of key inputs which had peaked in the earlier quarter, have since rationalized are expected to remain stable in the coming quarters. This along with our continued focus on higher margin products, the Pentonic Series should help us in growing our profit in the coming quarters as well.

Linc 2.0 with the five-pronged strategy that we have embarked upon as was discussed in our previous call, we believe the company will not only grow rapidly over the next few years, but will also be able to expand its margin with judicious product mix and economies of scale. Let me reiterate the five-pronged strategies adopted by the company for your ready reference.

The first one, increase touch points. India has over 10 million nonstationary outlet likes of Kiranas, medical stores, Pan plus stores etcetera. And from nowhere in FY20 the company has reached to almost 1.4 lakh such outlets directly, thus, taking its total touch points to over 2.35 lakh outlets. The company expects to expand its overall reach to more than 5 lakh touch points by FY25.

The second is the focus on higher margin products. And as informed earlier too, our focus continues to be on the higher value and higher margin products. We will soon be launching pens at INR 20 and INR 40 under the Pentonic portfolio.

The third is the inroads into stationary products. Company's foray into the full range of stationary products through an exclusive tie up with Deli is progressing well and we expect to generate a minimum of INR 100 crore of revenue in 3 to 4 years' time. In fact, we have already done a top line of about INR 11.5 crore in the first half of the current year and are well on way to cross INR 30 crore top line in the current financial year.

The next one is the stepping up of the existing capacity and to meet that targeted demand, we are planning to increase our manufacturing capacity at Gujrat by putting up an additional manufacturing facility adjacent to our existing factory.

On the ESG front, the company has taken the following initiatives. Number one, substituting plastic wrappers with bulk packing and paper boxes. This initiative saved about 60 tonnes of plastic in FY22. The next is we employ more than 1200 female workers in our manufacturing facilities. We also employ and provide training to a small number of specially abled workforce. We also support several NGOs who provide education to the less privileged sections of the society.



*Linc Limited*  
*November 10, 2022*

The Company is also 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 should go a long way in contributing towards reducing the carbon footprint of our planet.

Thank you. And now I would like to hand over the call to Mr. Dujari, our Director Finance to provide updates on financial numbers. Thank you once again.

**NK Dujari:**

Thank you, Mr. Jalan. Good afternoon, ladies and gentlemen. Many thanks for joining the Q2 FY23 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 Q2 FY23, the company's operating income grew by over 35% from INR 94 crore in Q2 FY22 to INR 127 crore. The company launched the Pentonic Series of pens in FY19. The significant higher margin profile of this series coupled with minimalistic contemporary looks resulted in top line and bottom line improvement since the launch, and the company achieved sales of INR 397 crore and operating profit margin of 24.7% in FY20.

Post FY20 COVID slowed down the momentum. However, with significant increase in Pentonic share in the portfolio, increase in selling price of its legacy products, rationalization of input prices and strengthening of U.S. dollar, the company achieved record revenue and profits in the current period, with operating profit margin costing 28% in the first half of FY23.

Q2 FY23 Profit After Tax stood at INR 9.6 crore up from INR 3.6 crore in the same quarter of the previous year. Q2 FY23 EPS stood at 6.43 versus 2.41 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 the last 4 years. From a net debt of previous INR 62 crore in FY19 the company is now debt free, with free cash flow of our INR 8 crore as on 30th September 2022.

Company is extremely focused on using its resources judiciously and hence has embarked upon a modular expansion plan in Gujarat. While the basic infrastructure is being created to double its capacity to 20 lakh pen per day, some critical equipment and machinery will be added in modular fashion in sync with the demand needs. Well, the total cost of the project is expected to be around INR 50 crore, the first phase of the expansion which will increase the capacity by 5 lakh pens per day will cost only INR 35 crore and will be operational by Q4 FY24. The expansion will be largely funded by internal accruals.

On the back of expanded capacity, the company is revising its guidance upward to achieve top line of over INR 650 crore by FY25 with a CAGR of over 22%. During this period, the share of Pentonic revenue is expected to grow to over 32%, while Deli is expected to contribute over 10%. We expect to achieve annual operating EBITDA margin of around 14% by FY25. With low-cost modular expansion and judicious use of debt, we also expect ROE to cross 20% by FY25. We continue to remain focused on our long-term goal of sustainable growth, profitability and strong deleverage balance sheets.



*Linc Limited*  
*November 10, 2022*

With this, I'll leave the floor open for Q&A. Thank you.

**Question-and-Answer Session.**

**Moderator:** Thank you. The first question is from the line of Himanshu Pathak from Oaktree Capital. Please go ahead.

**Himanshu Pathak:** Hi, congratulations on great set of numbers. So, I had a few questions on Pentonic. It seems it will cross INR 100 crore of revenue, the brand this year and slightly more also in this year. My question was, for B-RT we have increased the realization from INR 20 to INR 25 and even the INR10.

**Deepak Jalan:** Sorry, come again? The B-RT?

**Himanshu Pathak:** The realization has been -- the selling price has increased MRP from INR 20 to INR 25 rupees.

**Deepak Jalan:** Not really.

**Himanshu Pathak:** Okay. Because some of the retail channels, it seemed we have increased the MRP to INR 25?

**Deepak Jalan:** Not really. The Pentonic B-RT remains at INR 20 so, we need to investigate that, but it's sold at INR 20, its printed INR 20 and sold at INR 20 generally.

**Himanshu Pathak:** And even the INR10 price point we have not changed anything?

**Deepak Jalan:** It's still at INR 10, yes. So, the Pentonic prices have not recently changed, not for last 6 to 9 months.

**Himanshu Pathak:** Okay. Because some of the retail channels I was just trying to get local shops, it seemed -- so, I may have some notion of the thing.

**Deepak Jalan:** Must be some very one-off case but generally retailers also try to sell at competitive prices. So, this must be really one-off case, but, yes, no change.



*Linc Limited*  
*November 10, 2022*

**Himanshu Pathak:** Okay. And this INR 25 and INR 45 price point what we are trying to, it has taken quite some time for us to launch the products. It has been under our costs for some at least more than 9 months now, 9 months to a year. Why is it taking so much time and what are the thoughts we are having on the INR 25 and INR 40 pen?

**Deepak Jalan:** Okay. So, let me explain for the benefit of everybody. Currently, our Pentonic portfolio consists of a INR 10 ball pen, which is our classic ball pen which was launched in FY19. And then, we also have a INR 20 ball pen B-RT, which you said that, some shop selling at INR 25 which must be really rare is but generally is at INR 20 and advertised accordingly. So, that's our second product.

Then the third product which we have is a Pentonic gel pen which is at INR 10. So, these are the three products currently we are selling. Then, we are on the verge of launching a INR 40 product which the launch got delayed, beyond our expectation because of fine tuning of the quality. So, which would be launched latest by next month. And of course, we already had a test launch of that product in Kolkata and we had a very good feedback. So, we are waiting for the final commercial launch, which will happen in December and you're right that this launch was delayed.

And then, apart from that we have a few products in pipeline, which we intend to launch next year. So, we have a product at INR 20 and we have a product at INR 30. And then, there are more products at the design stage. So, we don't like to launch products very often. So, because we want to give adequate time to a product already launched. So, that we like to give some considerable or reasonable gap between another product. So, this is the status of Pentonic. And of course, we continue to grow the capacity of our Pentonic classic ball pen.

**Himanshu Pathak:** Okay. And on the Linc side, are we launching any another product?

**Deepak Jalan:** Yes, certainly. So, we have -- we intend to launch a INR 10 gel pen in Linc portfolio that would happen sometime in the -- either in the fourth quarter or in the first quarter of next financial year.

**Himanshu Pathak:** One thing. We have seen a significant price increase for various products. How is the competitive scenario evolving? And are we -- so, let's say the growth what we are seeing, how much is because of increased volume which is happening across the board, because now most offices have started opening or every office is now open. So, what would be the share or because of increase in the gain of our market share versus and again, market itself growing. Can you elaborate on that? And are you seeing consolidation or any form of that happening and peers increasing their prices for low priced products?

**Deepak Jalan:** So, of course, as you rightly said that there has been price increase across the categories, not just the pens. So, INR 10 pen has become a INR 12 pen or a INR 15 pen has become a INR 20 pen, and so on. Or a INR 3 or INR 4 pen has become a INR 5 pen, and the INR 5 pens have gone up to INR 7 or INR 8. So, there has been overall price increase and fortunately for Linc, our -- we also had to increase prices of our legacy products. And fortunately for some of our products, the price increase has been accepted. Although, not for all but for all the large volume products, the



*Linc Limited*  
*November 10, 2022*

price -- the increased price has been accepted and that is one of the reasons that our gross margin improved considerably in this quarter.

And of course, COVID is past now, and we are back to normal. And I like to just share that the pre-COVID year, which was FY20 so, the Q2 revenue for FY20 was a 23% lower than -- so, basically we grew by 23% in this quarter compared to the pre-COVID same quarter. So, which means we are now -- we are on a growth even over pre-COVID period. So, yes so, I think we are back to better than normal now.

**Himanshu Pathak:** And one last question. We spoke about making people realize or reuse the pens by refills. What I have seen is a lot of retail channel is not very convinced on that or they are not ready to, because what they make is very less say, INR 1 or less than INR 1 in some of the refills. They're not ready to hold on to those refills. So, you may even be able to convince the customer, but how are you able to convince the retailer or distributor? Because I had been using your Pentonic B-RT and trying to get a refill in Mumbai is also is very tough?

**Deepak Jalan:** Really? So, that's a good feedback Himanshu. Because we encourage sales of refill, because of the environmental reason. And of course, commercially, we have very good margins even in the refill. So that is another reason that we promote the sales of our refills. And just for your information, about -- for every 10 pen sold, we sell about two refills so, that's like all India average. So maybe in some territories, it may be lower and some territories it may be higher. So, there is still some percentage of refill sales, spare refill sales for whether it is Pentonic ball pen or a gel pen, or B-RT or even a Linc product.

**Himanshu Pathak:** Refill margin are similar for both refill versus pen in percentage terms?

**Deepak Jalan:** Its similar. It's similar, maybe 5% lower than the pen margin, but not very far off.

**Himanshu Pathak:** Because generally what I found is retailers or the feedback from retailers is -- because if you're not able to sell the refill, the refill dries up. And already the margins are less and?

**Deepak Jalan:** Yes, so they don't want to stock the refill so much. So, Himanshu, I really appreciate this feedback and we will work on it, at least so that they at least stop 10% to 20% of the refills.

**Himanshu Pathak:** Okay. Thank you. I'll join back in the queue.

**Deepak Jalan:** Thank you, Himanshu.

**Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.





*Linc Limited*  
*November 10, 2022*

**Deepak Poddar:** So, I just was trying to understand I mean, 25% kind of growth whereas first half, you have already grown by about 50%. So, what does that mean? I mean, in the second half, we are looking to see muted growth on a YoY basis?

**Deepak Jalan:** No. See, generally because of the seasonality factor, we always consider YoY growth. So, the YoY growth, as I mentioned, while you can see YoY compared to the previous year, there has been a growth of about 35% whereas, if you even compare to the pre COVID, the growth has been about 23%. So,, we can expect, similar growth YoY in the coming quarters as well.

**Deepak Poddar:** Okay. No, it has to take the entire first half of our YoY growth is about 51%?

**Deepak Jalan:** No, no. Okay. So that's actually, I'm always comparing with the pre COVID. So yes. So, yes, so you must not expect 51% growth in the second half YoY because the first quarter in the last year was COVID affected. So, it would be -- actually we have -- that's why we have not really highlighted that we have grown by 51% in the first half.

**Deepak Poddar:** Yes, but the 35% growth that we did in second quarter. So, that is one can look at going forward on a YoY basis?

**Deepak Jalan:** Yes. So, as I said that anything around that we can always expect.

**Deepak Poddar:** Fair enough. Understood. And what about the margin sustainability? I mean, currently, I think 12%, 12.5% margin, right?

**Deepak Jalan:** So, that's like EBITDA we're talking about, right?

**Deepak Poddar:** Right.

**Deepak Jalan:** The EBITDA margin, yes. So, as I explained that currently -- so this is, frankly speaking, this is the ideal margin we should be having. But if you look at couple of previous quarters, the EBITDA margin has been subdued. That was mainly because that there had been unprecedented hike in the -- most of the inputs. So, which have been now stabilized and we expect them to remain stable in near future. So, we can expect similar margins.

**Deepak Poddar:** So, 12%, 12.5% and a half percent is what a stabilized EBITDA margin we can expect in coming quarters, right?

**Deepak Jalan:** Yes, right.



*Linc Limited*  
*November 10, 2022*

**Deepak Poddar:** Now you did mention that the improvement was on two, three factors of increased ASP, the polymer prices rationalization and depreciation, right?

**Deepak Jalan:** Yes. So, all these three factors to me, in the near future seem to be continuing.

**Moderator:** Thank you. The next question is from the line of Pushkar Jain from Sequent Advancements. Please go ahead.

**Pushkar Jain:** Congrats on a good set of numbers. Can you quantify the amount that we got benefit in relation with depreciation of Japanese Yen and the export?

**Deepak Jalan:** About INR 75 lakh to INR 80 lakh. So, this actually you can consider as an exceptional benefit. Although, I foresee that Japanese Yen continues to be weak against the rupee and the dollar. So, in the near future we will continue to benefit to that extent, unless they take the U-turn because Japanese Yen has been very, very unproductive sometimes.

**Pushkar Jain:** And do we have some hedging policy for this or it is usually mark to market?

**Deepak Jalan:** Generally, we don't hedge because

**NK Dujari:** Yen, actually is a two-way currency so, it is -- the cost of hedge is quite high in Yen.

**Pushkar Jain:** Okay. And for the exports?

**NK Dujari:** For exports, normally we keep it open and we borrow in PCFC, in foreign currency.

**Deepak Jalan:** So, we have imports till then.

**NK Dujari:** So, there is automatic hedge.

**Pushkar Jain:** Right, sir. And the CapEx front like what will be the production capacity in that will be operational in Q4?



*Linc Limited*  
*November 10, 2022*

**Deepak Jalan:** INR 5 lakh.

**NK Dujari:** Yes, so, we are stalling capacity of a half million pens a day, which will be operational next year, next financial year.

**Pushkar Jain:** Okay. And last question, if I may. So, some years seem like obviously, September is a seasonal quarter and we have to see YoY, but the margins that we've posted have been like 12%, we have never reached, even in March from March 17th to March 22nd on a full year basis. So, what is the guidance on full year basis, like what has changed for the company actually that you can tell me, apart from these few changes?

**Deepak Jalan:** No, as I -- I'll repeat it again. Of course, the one reason has been that the prices of our legacy products were increased in the first quarter. So, consequently, the margins significantly increased for our legacy products. So, that helped us in our average GPM, that was one reason. The second reason as I said that the input costs which were unprecedentedly high in few previous quarters, that also stabilized or rationalized. So that also helped us improve our gross margin.

And I think the most important is that, as the contribution of Pentonic portfolio increasing in our overall portfolio, the gross margins improved, which will continue to happen because Pentonic Series has a better margin, much better margin, then our legacy products.

**Pushkar Jain:** Right, sir. And for H2 we can expect similar margins in a ballpark range?

**Deepak Jalan:** Yes, definitely, this is what we are expecting. And I'm saying this is actually the ideal -- minimum ideal margin.

**Pushkar Jain:** For the H2, like 12%?

**Deepak Jalan:** Yes. Another reason was of course, the U.S. dollar also became strong against the rupee. So, our export realizations also became better.

**Pushkar Jain:** No, that I got. So, I was like INR 70 lakh to INR 80 lakh benefit we got because of the Japanese hedge and I'm assuming like another INR 30 lakh, INR 40 lakh because of the U.S. dollar but still apart from that on a INR 15.5 crore EBITDA still the margin is exceptionally high, right, compared to the previous years. So that is why, that was the question.

**Deepak Jalan:** Yes, you're absolutely right. So, as I said, that is because of the contribution of Pentonic.



*Linc Limited*  
*November 10, 2022*

**Pushkar Jain:** So, like 10% to 12% margin you can expect for the remaining quarters?

**Deepak Jalan:** Yes, certainly, this is a benchmark now for us.

**Moderator:** Thank you. The next question is from the line of the Devesh Timali from DS Investments. Please go ahead.

**Devesh:** Congratulations for good numbers. I just want to -- one question was more around the guidance you called out. We are currently at about INR 125 crore quarterly run rate, which translates to about INR 500 crore annually. And we are sort of calling out 650 by '25. Just wanted to understand you're being conservative or are we missing something here in terms of '23, '24, '25 just trying to see the growth pattern?

**Deepak Jalan:** Devesh, actually we are trying to be conservative. I don't know whether it is the right or not, but this is what we are trying to. So, that is the minimum, that is the least which we expect to deliver.

**Devesh:** Sure. And secondly, I wanted to understand if you could talk about a little bit industry structure and competitions which is either locally or imported? Because I think we have around you called out 8% market share, right? So how do you see our markets evolving from here to the next two, three years and competitive landscape, how has it changed? Just qualitative remarks would be useful.

**Deepak Jalan:** Yes. So of course, let me admit that the industry is quite fragmented as it's a low entry barrier industry, all the category. There are a couple of brands which are popular and I don't mind mentioning them. So, there is a brand called Cello, then there is a Flair, then there is Reynolds from -- it's a foreign brand Reynolds from France. And so, there is a Rorito. So, these are the national brands, which I mentioned. Apart from that there are some regional brands also. So, it's quite a fragmented industry.

And yes, the industry growth rate is expected or estimated to be around 6% or so plus minus. So, I think of course, currently the share of below INR 10 product is quite high, and which has been for many years. And what we are trying -- but as you know that the below INR 10 price segment has a very low profitability. So, there is a very little scope of marketing those products. So, our focus has -- and of course, as a legacy, we were in below INR 10 products only. So, that was a reason that we were not -- because of the low profitability, we were not able to deliver decent EBITDA margin.

So, since Pentonic was launched in FY19 so, from FY20, every quarter, there has been improvement in the top line as well as in the bottom line, of course, which was interrupted by two COVID affected years. So, and we are able to invest since we have adequate margins, we are able to invest in the brand, we are able to invest in the distribution of Pentonic. So, even



*Linc Limited*  
*November 10, 2022*

though the growth -- industry growth is only about 6% we are able to acquire some market share of our competition and that is the strategy we are having.

**Devesh:** And one last one would be if we look out 2, 3, 4 years down the line, how do you see non-pen revenue shaping up? I know, you've called out about INR 100 crore, but from your ambition perspective, do you see it growing faster than the pen line and how far it can go to?

**Deepak Jalan:** So, yes, of course, that is a conservative number again. But since -- frankly speaking since we do not have much experience of selling products other than pen, we took a conservative target, which is also not so conservative. But I think this will be too early to change our guidance for the non-pen category. But definitely every quarter, we will review the guidance and, if necessary, we will revise.

**Devesh:** Sure. I didn't mean to necessarily put the number on the table, I was trying to understand that, if we were to save future growth, the core driver is one is Pentonic which is -- and plus market share, and the third would be stationary piece, right? Because this has to ramp up, right?

**Deepak Jalan:** Yes.

**Devesh:** So, right now, it's about -- you called out that it's about INR 30 crore this year, so it's probably INR 100 crore -- I'm not again putting numbers, I'm just trying to say that even further down the line, you are open to take this share in the overall revenue mix much, much higher. You are comfortable around that strategy, right?

**Deepak Jalan:** Yes, yes, definitely. Yes.

**Moderator:** Thank you. The next question is from the line of Zakhi Nusair, an individual investor, please go ahead.

**Zakhi Nusair:** Congratulations on the blockbuster performance this quarter. And best wishes to Team Linc, and my regards to Dujari ji, also. Sir, in terms of the seasonality of your business you see lot has changed in the retail after post COVID. So, do you feel that our traditional good quarters or the nature of seasonality has changed in your business? I would like to know?

**Deepak Jalan:** Actually, we were expecting this to change during these two years of COVID. But once the COVID is over, I mean we found that the seasonality factor remains same more or less same.

**Zakhi Nusair:** Okay. What you don't find any shift, like more sales during the offseason and stuff like that?



*Linc Limited*  
*November 10, 2022*

**Deepak Jalan:** Not really. So, not really. We have not experienced that more or less we are experiencing the similar pattern.

**Zakhi Nusair:** And Deepak ji, about the previous question about your non-pen exposure. So, all your non-pen sales with your fantastic reach and your number of touch points, what are your broad thoughts about that, sir?

**Deepak Jalan:** Even though we are on record, I would like to make this statement, that the potential of the non-pen business which is stationary is as big as the pen category. But it's just that we are new in this category. We are -- it's not that we are going cautiously, we are putting all our effort but it takes some time to really scale up. But you can understand our ambition that the stationery category is much bigger than the pen category so, we have such ambitions.

**Zakhi Nusair:** Fantastic, sir. And sir, with a normal growth could we hope to cross the magic INR 500 crore March, this year?

**Deepak Jalan:** So, Zakhi, that is our endeavor, and we definitely would be very close to that. And, of course we are increasing our capacities and doing all our bit to reach that magic number.

**Moderator:** The next question is from the line of Kiruba Shankar an individual investor. Please go ahead.

**Kiruba Shankar:** Hi, congratulations on a great set of numbers. We encourage you. I just have a couple of questions regarding a strategy with respect to products like are we selling backpacks now? I have seen this on our Amazon storefront. I see two brands there.

**Deepak Jalan:** Actually not, it must be some very small initiative by our e-commerce team, but it's not in our main product line yet.

**Kiruba Shankar:** Do we plan to like scale it up if it works out? Like what is the roadmap for that?

**Deepak Jalan:** So, frankly speaking backpack is not in our scheme of things at least in the near future. But you never know once we have stabilized with the stationary penetration, we could always look into it, but right now, there's nothing such in the pipeline, because its different ballgame altogether. Selling backpacks is not like selling other stationery products or pens. So, it's a little different ballgame. So, we don't like to get into that right now.



*Linc Limited*  
*November 10, 2022*

**Kiruba Shankar:** Okay. Sure. Also, regarding Pentonic, can you give us a split with I mean, not just Pentonic, regarding pens, can you give us the split with respect to selling price like how much of the premium like INR 22 and above products are we able to push? What is the percentage, the overall mix right now in terms of volume?

**Deepak Jalan:** That's too much of a detail though. But as I said that currently about 28% contribution -- value contribution is from Pentonic in our overall revenue.

**Kiruba Shankar:** Okay. No problem about that. My main question was regarding our like, bold initiative of going to the Kirana stores. Like how has it panned out? Like do you have numbers which can say the split between Kirana stores and other study stationery outlets for our current products?

**Deepak Jalan:** So, Mr. Shankar yes, it's there in the presentation. But let me admit that it's -- revenue break up is not there. Yes. But let me tell you, it's too much of investment to expand this channel. And the cost to sales is also very high. But fortunately, we are able to afford that, since we have better margins in Pentonic. But I think it's a long haul, I mean, it's not as easy as we had envisaged when we took this journey, but definitely as we have mentioned that by '25 we need we expect to reach more than half million such outlet. So, I think it's a little early to really talk much about this, but currently the revenues, contribution is not so significant. And I don't have that figure handy, but yes, this is the overall situation.

**Kiruba Shankar:** Okay. No problem. And my last question was regards to exports. How -- what is our strategy with respect to exports with respect to like developed versus developing, are we like specifically looking at a certain set of countries, where we get like higher margins, like what's the strategy there?

**Deepak Jalan:** So, certainly, the strategy is of course, first of all, we look at the countries which are highly populated. And the second is -- the second priority is the countries which are closer to India. So, countries like Indonesia, Thailand, Myanmar, Vietnam, those are of priority to us. Apart from that countries in Africa. So, Africa is also a target market for us and we sell to several African countries. Realization is more or less same whether it is in Africa or in the markets near to India.

So, yes, fortunately, we are able to have better margins than the domestic in export market. And as you may be knowing that we export to more than 40 countries, and our focus of course, is on countries which are highly populated as I said.

**Kiruba Shankar:** Okay. Although in India, we have like a very strong market position in a couple of areas, but in the South and the West, we don't have that much of presence like. Can you give us a split on how we are growing in like South and West versus like East and North?

**Deepak Jalan:** So fortunately, we are actually growing faster in the South and the West, mainly because we had a low base there. So, before Pentonic the contribution from West and South was less than 20%. But today, the contribution has increased to 30% because of pentatonic. Because pentatonic is sold across the regions, across the country. Yes.



*Linc Limited*  
*November 10, 2022*

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to Mr. Deepak Jalan for his closing comments.

**Deepak Jalan:** So, I would ask Mr. Sancheti to make his closing remarks.

**Sanjeev Sancheti:** Thanks a lot Navin. Thanks, everybody for joining this call. Really appreciate doing that while the cricket match is on. If you have any further questions, please feel free to get in touch with Mr. Dujari and the investor relationship team at Linc. And thanks once again and all the best.

**NK Dujari:** Thank you.

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