

Company Profile:

Linc Pen & Plastics Ltd., founded by Mr. S.M.Jalan manufactures and markets writing instruments and stationery products. The company is the exclusive Indian selling agent of the premium pen range of Mitsubishi Pencils Company, Japan. Linc also have a similar arrangement with Besia, Taiwan to sell non-sharpening pencils and erasers.

The company has two manufacturing facilities at Serakole in West Bengal and Pilerne in Goa. The company owns wide marketing network of 19 super stockists and 782 distributors and 3 branch offices at Delhi, Mumbai and Goa.

Large Product Basket: Linc offers the largest product basket of Writing Instruments and accessories in the country. Its range includes some of the best known brands in the Writing Instrument business – Uniball Eye, Uni SA-R, Starline, Smart, Tiptop & Ocean Gel. Linc is the sole selling agent for Mitsubishi Pencil Co. Ltd of Japan for their “Uniball” range of writing instruments and Besia of Taiwan. Its products range from Rs. 2 to Rs. 3000 and caters to all kinds of customers. They have launched a new product in Rs. 10 segment in December 2005. They also have plans to move to other stationary items in future.

Wide Distribution Network: Linc has a wide distribution network mainly in the northern and eastern India. Currently they have 24 channel partners and 782 distributors. Now in the post VAT regime, taxes being uniform throughout India they are also looking to move to other locations in the southern and western India. Linc has its presence both in India and abroad with around 12-15% of the revenues coming from exports.

Production Facilities at Strategic Locations: The company has its production facilities in the Eastern Region (West Bengal), in the Western Region (Goa) and has an exclusive production tie-up in the Northern Region at Noida (U.P.). These locations help Linc to have existence throughout India with comfortable supply chain management.

Exclusive Retail Chain: Linc has also started selling its products through its own retail chain. It has 10 retail outlets across India, including in Kolkata, Mumbai, Lucknow, Kanpur and Noida. These retail outlets have on offer more than 100 writing instrument variants. Although these retails outlets does not account for any significant part of the total turnover but it helps in creating a brand visibility. The company is expected to open another 12 retail outlets by next year.

Huge Market Share: In the mass segment Linc is among the top 3 Companies in the industry.

Financial Performance:

Linc has registered a 30%, and 19.50% CAGR in sales and profit after tax respectively over the last 5 years. The growth in sales was due to strong order booking and the growth in the bottom line was mainly due to lower interest cost.

In Q3FY06, the company had registered a growth of 4.7%, in Sales, whereas its EBIDTA and PAT showed a decline of 44.8% and 82.9% respectively in comparison to the same period in FY05. The sales growth was modest due to delay in the launch of new products and tightening of credit terms in the trade. The decline in EBIDTA was mainly due to increase in raw material prices whereas the decline in PAT was due to higher interest cost and higher depreciation. With the launch of new products and repayment of a part of debt we expect that the company would post improved financial results going forward.

Concerns:

Rising polymer prices which is the prime raw material and increasing interest cost are some concerns that could affect the company's performance in future.

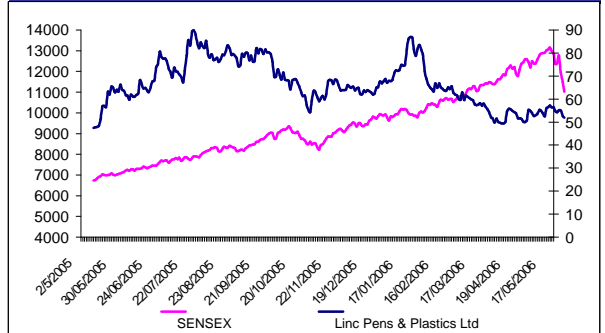
Key Share Data

Bloomberg Code	LPP@IN
Reuters Code	LINC.BO
FV	Rs. 10.00
52-wk-High	Rs. 87.40
52-wk-Low	Rs. 39.00
Market Cap (in Crores)	Rs. 40.28
Free Float	52.09%
Yearly Average Volume	64585

Shareholding Pattern (as on 31st March, 2006) (%)

Promoters	47.91
Corporates	14.54
India FIs, MFs and others	7.16
FII's	0.54
Public	29.85

Price Chart as on May 23, 2006



Summary Financials Rs. Crores

	FY03	FY04	FY05
Net Sales	63.3	85.3	123.66
EBIDTA	5.33	7.3	9.19
PAT	2.18	3.93	4.73
PAT Growth (%)	20.44	80.3	20.4

Latest Financials Rs. Crores

	DQFY06	DQFY05	% Change	SQFY06
Net Sales	32.85	31.39	4.7	41.47
EBIDTA	1.55	2.81	-44.8	3.2
PAT	0.28	1.64	-82.9	1.67
EPS	0.34	2.05	-83.4	2.09

Outlook

Linc has already taken steps towards rapid growth by launching new products in different price segments, opening retail outlets and moving into various zones of India. It has also taken steps to enhance the working capital efficiency by tightening the credit terms in trade which resulted in reduction of inventory with channel partners and distributors. We believe that with strong brand equity, large market share, huge distribution network and better fund management, the company would post better numbers in future.

The above analysis and data are based on last available prices and not official closing rates.

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