12th May, 2025

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Dear Sir / Madam,

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 (Group Conference) Call held on Thursday, 8th May, 2025 which is simultaneously being uploaded on the website of the Company.

This is for your information and records.

Thanking You,

Yours faithfully,
For LINC LIMITED

DIPANKAR DE Digitally signed by DIPANKAR DE Date: 2025.05.12 10:22:48 +05'30'

DIPANKAR DE
Company Secretary

Encl.: As above

"Linc Limited
Q4 FY '25 Earnings Conference Call"
May 08, 2025

MANAGEMENT: **MR. ROHIT DEEPAK JALAN – WHOLE-TIME DIRECTOR – LINC LIMITED**
MR. N.K. DUJARI – DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER – LINC LIMITED
MR. SANJEEV SANCHETI – UIRTUS ADVISORS LLC, INVESTOR RELATIONS ADVISOR – LINC LIMITED

MODERATOR: **MR. VAIBHAV PACHISIA – SKP SECURITIES LIMITED ADVISORS**

Moderator: Good day, ladies and gentlemen. Welcome to Linc Limited's Q4 FY '25 Results Conference Call hosted by SKP Securities. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the management's opening remark. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vaibhav Pachisia from SKP Securities Limited. Vaibhav? We cannot hear you, Vaibhav.

Vaibhav Pachisia: Good evening, ladies and gentlemen. I'm pleased to welcome you to Linc Limited's Q4 FY '25 and FY '25 Results Con Call. We have with us today Mr. Rohit Deepak Jalan, Whole-Time Director; Mr. N.K. Dujari, Director of Finance and CFO; and Mr. Sanjeev Sancheti from Uirtus Advisors LLP, the company's IR advisers.

We'll have the opening remarks from Mr. Rohit Jalan, followed by a Q&A session. Thank you and over to you Mr. Jalan.

Rohit Jalan: Thank you, Vaibhav. Good afternoon, ladies and gentlemen. Thank you for joining us today for the investor call of Linc Limited for the 4th quarter and full fiscal year of 2025. We are delighted to share that FY '25 has been a record-setting year for our company with revenue and profit after tax reaching an all-time high. These milestones underscore the strength of our strategic initiatives and the enduring resilience of our business model.

In quarter 4 FY '25, our operating income reached INR15,393 lakhs, representing a robust 9.3% year-over-year growth and a strong 26% increase sequentially. For the full fiscal year, we closed at INR54,348 lakhs, reflecting a healthy 7% annual growth. This performance was primarily driven by the sustained momentum of our Pentonic range, our key growth driver, alongside significant gains in the e-commerce and modern trade channels.

Our operating EBITDA for the year came in at INR6,440 lakhs with an EBITDA margin of 11.8%, an improvement of 74 basis points over FY '24. This was enabled by a favorable product mix with the higher-margin Pentonic brand expanding its revenue share from 34.3% to 35.6%. This not only reinforces the success of our premiumization strategy, but also reflects the strong brand loyalty we continue to build among consumers.

From a strategic perspective, we have taken purposeful steps to future-proof our business and unlock multidimensional growth opportunities. Our portfolio diversification is progressing steadily as we expand beyond pens into high-growth adjacent categories such as markers, highlighters, and pencils. These extensions are closely aligned with emerging consumer needs and enable us to address a wider range of usage occasions thereby positioning us to capture a significantly larger share of the writing instruments market.

We are also actively exploring opportunities across the broader stationery market, increasing our total addressable market from INR6,640 crores to INR38,500 crores. We believe our strong brand equity, extensive distribution network, and innovative strengths position us well to gain market share over the long term. Aligned with the above strategy, we are consistently innovating and expanding our product pipeline. Building on our recent launches, including markers, highlighters, mechanical pencils, calculators, and several more, we are excited to launch a new wave of products in the coming quarters. These include premium gel pens, more ranges of markers and highlighters, designed for both school and office use and other essential stationary items such as sketch pens, brush pens, fine liners, crayons and so on.

These planned additions reflect our commitment to building a more resilient and diversified product ecosystem under the Linc and Pentonic brands catering to a wider range of consumer needs. We are also seeing early traction in the export markets, which have remained resilient despite macro and geopolitical headwinds and evolving trade dynamics, including tariff-related friction in select geographies.

Our ability to adapt pricing strategies, maintain supply reliability, and offer innovation-led differentiation has helped us sustain momentum and build strategic relationships overseas. Our strategic moats, deep distribution, brand-led trust, and continuous innovation remain our core differentiators, enabling us to play across both the mass- and mid-premium ends of the market.

To reward our shareholders and reinforce our commitment to value creation, the Board of Directors has proposed a dividend of INR1.5 per share, implying a payout ratio of 23.5%, subject to shareholder approval.

As we move forward, our focus remains unwavering to drive innovation, deepen market penetration, and enhance operational efficiency. With a resilient business model and a clearly articulated growth strategy, we are poised to capture new opportunities and deliver sustained value for all stakeholders.

Now I would like to hand over the call to Mr. Dujari to provide updates on financials.

Narayan Kumar Dujari: Thank you, Mr. Jalan. Good afternoon, ladies and gentlemen. I appreciate for your presence at FY '25 Linc Limited earnings webinar. Good afternoon, everyone. Thank you for being with us today as we walk through the financial performance for quarter 4 FY '25. I'm pleased to share that during the quarter, our operating EBITDA witnessed a robust year-on-year growth of 14.8%, reaching INR1,924 lakhs and delivering a healthy margin of 12.5%.

PAT for FY '25 increased by 11.2% Y-o-Y to INR3,804 lakhs, translating to a PAT margin of 6.9%. Operational discipline continues to be the cornerstone of our strategy, enabling us to generate INR5,690 lakhs in cash flow from operations over the full year. We also ended the year with a net free cash position of INR1,869 lakhs, an outcome that underscores our unwavering focus on financial prudence and maintaining a resilient future-ready balance sheet.

Looking ahead, we remain committed to delivering sustained medium- to long-term growth as outlined in our Q2 FY '25 earnings call. This outlook is underpinned by our well-aligned strategic initiatives and strong business fundamentals. Now I request to open the floor for Q&A.

Moderator: We will take our first question from the line of Resha Mehta from GreenEdge Wealth Services LLP.

Resha Mehta: I have a couple of questions. So one is, since Mitsubishi has a stake in the company, does that in any way kind of restrict us to onboard any other licensed brand, with any brand basically, which is outside the stable of Mitsubishi?

Rohit Jalan: No, there is no such restriction. We already are representing Deli, which is a stationery giant since 2019, right? So we don't see any restriction today or even in the near future.

Resha Mehta: So be it for pens or any such similar product, right?

Rohit Jalan: So, if it is particularly about pen, we want to ensure that we don't onboard anything that's conflicting with our existing portfolio. So we will be cautious about that. We had the distribution of Lamy in the past, which were, again, writing instruments, but they were more in the premium segment.

Resha Mehta: No. But I'm saying there's no restriction as such, right, in terms of a contract. If there is a pen brand, which probably makes sense in a different price segment, can we actually do it is my question? Is there a legal agreement which bounds us?

Rohit Jalan: No, there is no legal agreement that binds us, and it's our strategic call.

Resha Mehta: Right. And any royalty we pay for the Uniball sales?

Rohit Jalan: No royalty is being paid for Uniball sales.

Resha Mehta: Understood. And the presentation talks about we are planning to get into new products, right? So can you just break up the total addressable market of INR38,500 crores that you've kind of quoted there?

Rohit Jalan: So I don't have that immediately, the breakup, but we can share that information with you offline, yes.

Resha Mehta: Right. And these new products like markers, highlighters, and art materials, et cetera, that we are planning. So how would be the sourcing, or initially, would it be outsourced? And then eventually, once it achieves scale, do we intend to kind of get into in-house manufacturing? And also, how do we see the path for the margins for these new categories?

Rohit Jalan: So see, the margins would be pretty much in line with our current existing margins. The markers, they are all our capex. So we have invested in designs. The molds are owned by us. And we are initially outsourcing. We are getting job work done through OEM vendors or good factories who supply good quality products to several other brands.

Resha Mehta: Right, right, right. And so basically, yes, it will be at around 11%, 12% margin. So we don't see any margin dilution is what I understand from this. And…

Management: Also the decision to do job work or to do in-house is always dependent on once we reach a minimum volume when we start doing it, but the molds and the design are always ours.

Resha Mehta: Right. And since they will be launched on the Pentonic brand, safe to assume that it will not be a very mass market kind of a product range. Would that be a fair assumption?

Rohit Jalan: So Pentonic, see, our starting price segment is INR10. So we won't be having any product going below INR10. So INR10 is, I would still say it is a mass segment. And we only plan to go -- so we have products at INR20, INR30, INR40 price points. So the direction is mass to mass premium, yes.

Resha Mehta: Got it. And if we talk about exports, can you just talk about like who would be your customers here? And do we appoint distributors in each country? How does basically the distribution work in exports? And also with this tariff situation, right, so what would be our exposure to the U.S.? And how is the demand from the non-U.S. countries kind of shaping up in the current geopolitical environment?

Rohit Jalan: Sure. So exports model basically is we appoint or we rather work with exclusive distributors in all the countries we have a presence.

And so mostly, I think, almost 90% plus, we are selling our own branded products. And we work with exclusivity, like I mentioned. Some of our key markets would be Brazil, U.S.A., and Myanmar, although it is badly affected, and some countries in Africa, Democratic Republic of Congo, in Middle East, Iraq, Syria, and some more Southeast Asian countries.

Resha Mehta: And what would be the exposure to the U.S. market? For total export, how much would be US?

Rohit Jalan: It is just below 10%.

Management: North America is between 9% to 10%.

Resha Mehta: And have you seen any preponement of orders or shipments or things like that, especially in Q4 or even as we speak in Q1? And how is the demand kind of shaping up there in the U.S.?

Rohit Jalan: So U.S., particularly, I think still there is a lot of uncertainty between all the business owners. And we have not seen any major impact in the last 1 month since this tariff situation arose. And we don't expect a major difference because our sales to U.S. is purely in our own brand and 0 private label.

Resha Mehta: Right. And also, what would be the kind of margins that we enjoy in exports? And also in your presentation, I don't see China is amongst the top 10 exporters of pens globally. So is China very marginal player in pen's export?

Management: So China used to be -- I mean, if you look at the last year, then China was among the top 10, both exporter and importer. But somehow in this financial year, there's a slip out of that. These are government data. So probably the Chinese import has cut down. That also gives a huge opportunity for companies like Linc to aggressively look at white labeling opportunities in these markets.

Resha Mehta: And why would you think that China has?

Moderator: I request you to join back the queue, please, as we have other participants to consider. The next question is from the line of Himanshu Upadhyay from BugleRock PMS.

Himanshu Upadhyay: Yes. So my first question was for -- if you look at Mitsubishi, there are 3 global brands, Uniball, Jetstream, and Posca, okay? And with this new manufacturing capacity, do we expect new brand introductions to also happen or it will be only new product launches in Uniball brand? And what is the thought on launching new brands in India? Because even if we look at the recent strategy presentation of Mitsubishi, they don't talk about these Jetstream and Posca in India, but the focus remains China, U.S., and Europe. So some of your thoughts will be helpful.

Rohit Jalan: Sure. So Himanshu, actually, see, the company name is Mitsubishi Pencil Company, right? And they have several brands. I think

Uniball is more like an umbrella brand. But they have more than what you mentioned. So apart from Uni, Posca, Jetstream, they have Signo, they have Air. So there are multiple brands. Each brand, they follow certain product strategy and technology behind each one of them. So all of these are club under Uniball. So with the joint venture that we are planning in India, the products could be either under Signo or under JetStream or under Uniball. So Posca is more like a marker brand. So right now, we don't have any plans for marker range, but we are looking at the pen categories in the first couple of years.

Himanshu Upadhyay: Okay. And any dipstick study you have done on what type of potential positioning and marketing you would like to have for the new products from this JV because earlier we were to launch by July end of '25. I think now it will be Q3. So any thoughts on where we are in these or on the positioning and marketing and potential type of products?

Rohit Jalan: So see, at the moment, the products that are imported from Japan, the price segment for those products are INR50 and above. And the strategy for the joint venture is to introduce same quality of products at slightly lower price segment, which is going to be just below INR50 MRP. And secondly, our project is on schedule, and it is planned for quarter 2 operations and launch itself.

Management: So it's not Q3. So I don't know. Maybe there is confusion, but it's Q2.

Himanshu Upadhyay: Okay. Okay. And this is a slightly longer question. But if we look at the company, there are 4, 5 things to be done in the next 2 years, okay? One is get the right product and price point from Deli portfolio and positioning, and position Deli as a large brand. Number two, make INR20, INR30 or INR40, these 3 product price points, product introduced in Pentonic a success and scale up. Thirdly, scale products, we will introduce in Uni brand or new products. And fourth, reintroduction of products in Linc because there we have seen a volume have got impacted.

And we stated in the last call that competition has increased in that segment. So we need to thwart the competition. And fifth, exports is a growth, and we want to introduce new products in Pentonic brand beyond in writing instruments that can be a sixth. How are you prioritizing your E&P budgets and sales and marketing teams?

And are we increasing our bandwidth or some thoughts on that? And what are your 3 priorities, let's say, I stated 6 because I was confused, but you can give your priorities? And how are you rationalizing your resources, okay? So that was the first thing.

Rohit Jalan: Great question, Himanshu. So see, firstly, how our team, sales and marketing team, is structured is we have separate channel verticals, so general trade, modern trade, exports, e-commerce and so on. At the same time, we have separate brand verticals. So we have a brand team for Uniball, we have a brand team for Linc, Pentonic, Deli and so on, right?

So we have dedicated brand teams and we have dedicated sales channels. And of course, we are adding a couple of more people to the team as well as we have plenty of opportunities and projects. So the priority, to be frank, is, of course, not in all brands and not in all channels, but I would say, we are identifying gaps and opportunities for a specific brand in a specific channel or multiple channels, right?

So, for example, if we look at Deli products, so Deli products are high quality and slightly premium. And because of the high ticket value for Deli products, we feel that e-commerce channel is going to have highest opportunity and potential for Deli. So our focus would be Deli in e-commerce for next 1 or 2 quarters.

Similarly, some brands are tagged to respective channels wherever we see opportunities. And since we have dedicated brand teams and sales teams, we are working collaboratively to deliver results.

Management: Just to also add that when we started the Deli foray, we also realized that we need to equally be present on a slightly lower segment. Hence, there is a significant amount of bandwidth and focus, which has come on now on station products on the Linc and Pentonic side as well. And both will complement each other because they don't cannibalize each other's market. Yes, the channel for both will be slightly different because as Rohit said that for Deli, we look at e-commerce as a large platform, but for maybe for lower product traditional channel.

Rohit Jalan: Correct. Yes. So if you look at Linc, for example, which are INR5 MRP or INR10 MRP to actually make them viable on ecommerce, you need to bundle 30, 40 units together to make a ticket size of INR350, INR400, right? So, traditional channel is more relevant. And strategically, we are positioning products as per channels wherever we see opportunities.

Himanshu Upadhyay: Okay. Okay. And see, one last question, then I'll join back in the queue. This INR20 to INR40 price point, we have introduced product, okay, in Pentonic, but the visibility for the product at the store and from our end also, it seems less, okay? And it is important for us to scale in the profitability what we have done. So where are we in that journey? And what are the marketing or, let's say, sales priorities for those products in Pentonic brand in this year, FY '26?

Rohit Jalan: Right. So INR20 and above price points, we are actually focusing on these price points. And as we move forward, we are having a lot of learnings. But if you look at BRT and GRT, we have done double-digit growth in FY '25 as compared to FY '24, right? Of course, they are not as per expectations, but we are seeing growth, and we know there are gaps which we are trying to fill as much as possible, and we persistently are trying to do that.

Himanshu Upadhyay: And no new product introduction in Pentonic this year?

Moderator: Sir, I request you to join back the queue, please, as we have other participants waiting for their turn. We'll take our next question from the line of Suraj Khaitan from SKP Securities. Can you use your handset mode, please? Your audio is not clear.

Suraj Khaitan: What will be the advertisement expense going forward as the company is planning to launch new products in the coming financial year?

Rohit Jalan: So, we approximately budget about 2.5% to 3% of our top line as the advertisement and promotion budget, which we are continuing to do so and maintaining that.

Suraj Khaitan: Okay. And which pen category is expected to generate the highest margin?

Rohit Jalan: Pentonic?

Management: Is about 40% GP.

Rohit Jalan: Yes.

Management: 40-plus GP in Pentonic range of products. So it continues to be that way.

Suraj Khaitan: Okay. And what is the average realization per pen going forward?

Narayan Kumar Dujari: We had a 10% increase this year. And going forward, we expect a similar growth in the average ASP.

Management: So the average was about INR6.21 over the last year, which was up from INR5.67 from the previous year. So it's been a continuous increase. So that's largely because of the premiumization effort which the company has been taking. So the share of the premium product is increasing every year. And we expect to continue that trend.

Suraj Khaitan: Okay. And can you please elaborate on the e-commerce JV and how will it work?

Rohit Jalan: So, e-commerce JV, just yesterday in our Board meeting, we got the go-ahead and approval for this joint venture that we are planning. So we are close to now finalizing our agreements. However, we are looking at a 65:35 shareholding ratio, majority being with Linc. So it's going to be a small capital equity initially. And we aim to focus actually being a futuristic sales channel. The strategy behind this joint venture was to bring more attention and focus on e-commerce and quick commerce channels. And hence, we took this move to find a partner to help us grow this channel, build this expertise.

Management: I think this is important because the company believes that this channel can really grow especially the kind of price segment that we are in. And to bring a similar focus on that, it was decided that we kind of join hands with an expert here to drive this channel. And really, it's more of a channel acquisition JV rather than -- and it can really propel the growth there, which we all know that quick commerce is the future for the kind of price point that we are into.

Suraj Khaitan: And sir, last question, what is...

Moderator: I request you to join back the queue, please, as we have other participants waiting for their turn. We'll take our next question from the line of Rakesh Wadhwani from Nine Rivers Capital. Since there is no response, we'll move on to the next question from the line of Shaurya Yadav from Pinpoint X Capital.

Rakesh Wadhwani: Sir, pardon me if my question is repeated. Just wanted to know how we are looking to increase our presence in markers, highlighters, and pencil segment? Like what is our right to win here? And sir, like out of the total addressable market of INR38,000 crores, how much share like we are targeting in the next 3 to 5 years?

Rohit Jalan: Sure. So Shaurya, for markers and pencils, we have already launched a marker brand called Swipe. And this we have launched so far in the Western zone only. So we've got a range of permanent markers, whiteboard markers, permanent fine-tip markers, highlighters, and we have a couple of more upcoming products under Swipe brand and under the markers category.

If we look at pencils, we are launching mechanical pencils and also 1 or 2 variants of wooden pencil. So again, these are being launched as we speak. And these are all very recent launches from April, last month.

So, to address your question of right to win, I think like we have been focused on innovation and differentiation in design with best quality products. I think we brought similar thoughts and inputs to all the new products that we're launching. So we've got Pentonic mechanical pencil. We've got a Pentonic pencil. So the product differentiation in design, in packaging, and quality, and even price segments, to be very frank, I think we feel there's opportunity because we've been late entrants, and we are confident that with the output and with the product that we have and we have developed, we will be able to make some inroads and gain some share.

Rakesh Wadhwani: And sir, like out of our total addressable market, how much we are targeting?

Management: On the pens and the markers, I think it's too early to give a guidance on the market share that we have. Almost entire…

Rohit Jalan: I think going forward in next 2 to 3 years, I think about 50% of the TAM is something that we would be definitely addressing. That's the direction.

Rakesh Wadhwani: 15% out of INR38,000.

Management: 50 plus. 5-0, 50.

Rakesh Wadhwani: Okay. And sir, like what is the difference between cost of production of pens with having a price point of INR10 and above INR10?

Rohit Jalan: Difference between cost of production.

Management: Just to answer that question, the price doesn't genuinely increase, as a percentage.

Narayan Kumar Dujari: The cost of production varies between Linc and Pentonic. Within Pentonic, INR10 ballpen or INR20 ballpen or INR30 ballpen will have the same manufacturing cost as a percentage. So Linc will have a higher manufacturing cost and Pentonic will have a lower manufacturing cost because they enjoy Pentonic pens will have 40% plus margin.

Moderator: We'll take our next question from the line of Rohan Patel from Turtle Capital.

Rohan Patel: So just to the last participant, you said that you are targeting for next 2 to 3 years a market of addressing 50% plus of 35,000 total addressable market. So considering you have an aggressive target plus you have done a lot of initiatives over the last 2 to 3 years. So seeing from current base of say, INR530 crores, INR540 crores top line, how will this shape say, in next 3 years, considering also how will the margin improve as we are focusing on high-value premiumized products?

Rohit Jalan: So like our projection growth outlook for next few years would be in the range of 15% to 20%. And if we talk about margins...

Narayan Kumar Dujari: I think with every 10% increase in the top line, we will have around 100 bps increase in the EBITDA margin.

Management: Yes. So that is more or less the formula we adopt. It can vary a little bit here and there, but it is more or less in the same region.

Rohit Jalan: It happens because of the operating leverage.

Rohan Patel: Okay. And do you see the working capital intensity to be same or it can increase?

Narayan Kumar Dujari: I think as far as working capital is concerned, we will again enjoy operating leverage. So the larger the top line, we will have lesser number of days as inventory and debtors will be more or less same.

Rohan Patel: Okay. Yes. And just to dissect and put a last question in front. So considering all these initiatives, working capital reducing, increasing the margin, operating leverage, so can we see that all the projects that you are taking would be a ROCE accretive? Like what kind of ROC do you target when you bring up such initiatives and payback, Peter for saying?

Narayan Kumar Dujari: All the projects which we have undertaken will be definitely ROC accretive. And the ROC benchmark for us is that whatever we are achieving right now, it has to be in addition to that. So that is our minimum benchmark.

Moderator: We'll take our next question from the line of Rakesh Wadhwani from River Capital.

Rakesh Wadhwani: Sir, first question with respect to the average realization. We have done very well with respect to the average realization for the pen in the Pentonic brand as well as in the Linc brand continuously improving. But at the same time, volumes are not growing. Any reason for that?

Rohit Jalan: So Rakesh, if we see, yes, our overall volume has seen a drop. So if we look at brand-wise, Pentonic volume has grown close to 10%. Uniball marginal, very marginal growth. The drop in volume is mostly coming from Linc brand. So now some of the reasons is, as we are developing a lot of new products and focus being on higher-margin products, we are actually left or it's actually a cycle.

So there is tail products. So when we analyze, we look at products which are really low in volume. We look at products which have very low or negligible margins. So we are basically discontinuing some of those products continuously. So I think that is one of the reasons for the drop in volumes.

Rakesh Wadhwani: Okay. Is there further room for that average realization should increase or now the growth will come from the volumes only in the coming quarters or year?

Rohit Jalan: So no, definitely, if you look at the trend, we wish to maintain the trend in growth of the average realization.

Management: So just to answer a little bit adding to what Rohit has already said, actually our focus on premiumization is continuous. So that impact will continue to come at least over the next fiscal years till we reach the optimal level of premiumization.

Rakesh Wadhwani: Okay. The reason, sir, I asked because we are doing very well with respect to the realization, premiumization, but that effect is getting nullified with the decline in volume and the revenue. That is what the question.

Management: I think that is not an issue because we are also getting rid of a bit of a tail. So I think once that stabilizes, we will start seeing the growth.

Rohit Jalan: And this also helps in operational efficiency. So hence, the strategy, economies of scale, basically.

Rakesh Wadhwani: Okay. And sir, with respect to the export, export sales from the last 1 or 2 years has remained in the same range of INR100 crores for the full year. What is your thoughts on the export? First of all, why it is flat from the last couple of years? And what's your thoughts for the coming years, how the growth will come from export?

Rohit Jalan: Sure. So yes, for last 2 to 3 financial years, we've been quite stagnant. Some of the reasons are basically some countries, every year, basically, they go through certain headwinds. So in 2023, 2 of our top 5 countries were very badly hit. One was Sudan because of civil war.

And second was Myanmar because of political situation as well. So we are constantly endeavouring to enter new markets, at the same time grow our baseline in existing markets. So despite losing, I would say, a couple of million dollars from just those 2 countries, we were still able to grow and maintain the revenue in exports. And we believe that things will get better. And at the same time, we are focusing more on stable markets, stable countries. And that's the roadmap for us.

Management: Yes. In spite of some of these challenges, you will see that in the last financial year, we've still grown literally at the same rate that the company has grown, about around 7% we have grown on export. Yes, we're not happy with that. And hence, the company is focusing on more stable market. And hopefully, going forward, you will see better.

Rakesh Wadhwani: In the coming years, the sales growth of export will be aligned with the domestic business. Can we assume that?

Management: We will come back with a more specific guidance in the next quarter, but our endeavour is to grow the export market slightly faster than the Indian market.

Moderator: We'll take our next question from the line of Aradhana Jain from B&K Securities.

Aradhana Jain: Yes. Just a couple of questions. One, I wanted to understand that last year in FY '24, the contribution of pens in the INR10 and above was around 62%. However, if we see this year, it has come down to around 52%. What is the reason for that when we've already gone into the whole premiumization space and our average realizations have increased, then why has the contribution of INR10 and above reduced year-on-year?

Rohit Jalan: I think we will go into…

Management: We'll get back to you, but I think probably that because there was a value increase in the Linc segment towards the end of last year. We'll get back to you on that, but probably that would be a reason, but let me get back to you on that.

Aradhana Jain: Sure. Second, I understand that we are coming out with more stationery products in the Pentonic brand. But what is the roadmap in the Deli brand? Are we also planning to come out with more stationery-based products under that particular brand?

Rohit Jalan: Yes. So with Deli, we are primarily focusing on office stationery products and some subcategories within school stationery as well. And yes, we have a couple of new launches planned for this financial year under Deli brand.

Aradhana Jain: So in FY '26, what sort of growth can we expect from the stationery segment, which is, I guess, sub 10% as on date for us. So do we expect the share of the stationery to maybe rise to 15%, 20%? Or what is the sort of guidance for FY '26 and '27, given that we are launching new products under Pentonic, Deli? So any thoughts on that?

Management: We are not guiding for the next year as of now. We will obviously come with the guidance next quarter. But for the medium term, which we said that our overall growth in the company is expected to be top line to be 15% to 20%. We believe that the growth in the stationery segment should be outpacing the growth of the company. At this point in time, this is all that we have.

Aradhana Jain: Okay. Just last question from my end. Any guidance or what is the plan on the capex front for FY '26 and '27, given that we have so many things in the pipeline? So are we planning to do a major capex towards anything? And what is the status on the modernization facility that we were doing in the Kolkata facility?

Narayan Kumar Dujari: The modernization work which we are doing for a new facility near Kolkata is progressing quite fast. And we expect it to be get it completed by -- we are targeting quarter 2, but I think quarter 3 will be a safe date for the completion, although we are targeting quarter 2.

Aradhana Jain: Okay. How much capex are we...

Moderator: Aradhana, I request you to join back the queue, please, as we have other participants waiting. We'll take our next question from the line of Resha Mehta from GreenEdge Wealth Services LLP.

Resha Mehta: So I was asking on the export bit. So what in your assessment has led to China slipping from the top 10 in the global pen export space?

Rohit Jalan: Difficult to say. Actually, this is based out of external government data, and it was a bit surprising ourselves.

Management: So we check it a number of times before we actually went ahead to put okay, this is the data from UN Conference database, which is a global database, which everybody uses.

Resha Mehta: Right. right. No problem. And what would be our margins in exports? So would it be safe to say that it would be much higher than our company average of 11.5%, 12%?

Rohit Jalan: Yes. So export margins are actually higher than the company average definitely.

Resha Mehta: Got it. And distribution, so if you could just quantify that what is our total reach of that? How much is the direct reach? And also, how has been our experience in the non-stationery stores, which we kind of ventured into in the post-COVID era?

Rohit Jalan: Sure. So our active direct reach is roughly around 70,000 to 80,000 outlets. And I would say most of them are stationery outlets. With the non-stationery outlets, the frequency is very slow. So we were expecting monthly frequency, but that has not really happened as per our expectations. So we have our team, of course, visiting non-stationery outlets based on data that we have. So we maintain the frequency accordingly. But of course, they are not going to be selling a big range and big volume. So they are selling a very limited basket, just a couple of SKUs.

Resha Mehta: So of the total...

Moderator: Resha, I request you to join back the queue, please, as we have other participants waiting. We'll take our next question from the line of Rakesh Wadhwani from Nine Rivers Capital.

Rakesh Wadhwani: Yes. Sir, with respect to the realization increasing continuously, but one point that I've observed that the gross margins are not increasing. Just any reason for that? Because in the past, whenever the realization increase, it was reflected in the gross margin also.

Narayan Kumar Dujari: The restructuring exercises which we have done will help us in improving the gross margin going forward. And you are right that till this year, we didn't have much of increase in the gross margin, but the restructuring of whatever we are doing is going to come going forward.

Rakesh Wadhwani: And sir, second question with respect to export, are we looking into addition of new countries or new markets? Are we in discussion with a new distributor, which are supplying to new market where we are not there?

Rohit Jalan: Yes, that's always ongoing. So there are still some focus or potential countries, markets where we don't have presence, and we are actively looking for distribution partners in them and other remaining countries.

Moderator: Ladies and gentlemen, we can take that as the last question for today. I would now like to hand the conference over to Mr. Rohit Jalan for the closing remarks. Over to you, sir.

Rohit Jalan: So thank you, everyone, for joining us today for this investor call of Linc Limited for the 4th quarter and the full fiscal year. And we are continuously driving new initiatives, strategic initiatives to deliver maximum shareholder value. And we look forward to seeing you all again next quarter with much better results. Thank you so much.

Management: Thanks a lot.

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