



— 24th November, 2023 —

Flair Writing Industries Ltd. (FWIL), a distinguished player in the Indian writing instruments industry, is poised to make a significant impact with its upcoming **Initial Public Offering (IPO)**. Holding a formidable **9% market share**, FWIL has established itself as one of the **top three entities in this sector**. Their journey, spanning over 45 years, has seen the company evolve from a manufacturer of writing instruments to a versatile entity with a diverse product portfolio including **housewares, steel bottles, and appliances**.

The **pre-IPO** phase saw FWIL engage in a strategic move by placing a pre-IPO allotment of **2,401,315 shares at Rs. 304 per share in November 2023** to Volrado Venture Partners, accumulating **Rs. 73 crore**. This move not only bolstered their financial standing but also led to a reduction in the fresh equity share issue. FWIL's market strategies and product diversification have been pivotal in capturing significant **domestic and global sales**, demonstrating a robust growth trajectory in various segments with promising future prospects.

As per reports by **CRISIL**, as of March 31, 2023, FWIL's performance in the writing and creative instruments industry has been exemplary. It achieved a remarkable **compounded annual growth rate of approximately 14%** between the financial years 2017 and 2023, outpacing the industry's growth rate of 5.5%. **Financial Year 2022** saw the company achieving the highest operating and **net income margins** among its peers at **17.8% and 9.6%**, respectively. Such financial accomplishments highlight FWIL's operational efficiency and market acumen.

FWIL's flagship brand "**Flair**" has been a household name, catering to a wide consumer base including students, professionals, and offices. The company's manufacturing and distribution capabilities have enabled it to offer an extensive range of products under various brands such as "**Hauser**," "**Pierre Cardin**," and the newly introduced "**ZOOX**." This variety in branding caters to different market segments, from mass-market to premium offerings.

A significant part of FWIL's strategy involves **contract manufacturing** for other brands and **customized corporate gifting**, which has contributed notably to its revenue. As of June 30, 2023, the company's product range had expanded to **727 different** products, including a variety of pens, stationery items, and calculators.

FWIL's recent ventures into housewares and steel bottles through its subsidiaries are a testament to its adaptive business model and foresight. The steel bottle industry, in particular, is projected to grow significantly, and FWIL's entry into this market is timely. Its **manufacturing facilities** spread across various locations in India, including **Valsad, Naigaon, Daman, and Dehradun**, are strategic assets that underpin its production capabilities.

The upcoming **IPO**, scheduled between **November 22nd and 24th, 2023**, with a price band of **Rs. 288 to Rs. 304 per share**, aims to raise approximately **Rs. 595 crore**. The IPO is a mix of **fresh issues and an Offer for Sale (OFS)**, where the funds from the **OFS** will not be directed to the company. The proceeds from the fresh issue will be allocated to various strategic areas such as setting up a new

Issue Details	
Listing	BSE and NSE
Open Date	Nov. 22, 2023
Close Date	Nov. 24, 2023
Price Band	₹ 288 to ₹ 304
Face Value	₹ 5 per share
Market Lot	49 shares
Minimum Lot	1 Lot

Issue Structure	
Fresh Issue (in INR cr)	292.00
Issue Size (in INR cr)	593.00
Issue Size (Shares)	19,506,578
QIB (%)	20
Non Institutional (%)	15
Retail Share (%)	35
Pre Issue Share (Nos)	95,790,115
Post Issue Share (Nos)	105,395,378
Post Issue M Cap	3204.00

Issue Size	
Fresh Issue	292.00
Offer For Sale	301.00

Retail application money at higher cutoff price per lot	
No Of Shares Per Lot	49
Application Money	₹ 14,896

Shareholding	Pre (%)	Post (%)
Promoter	97.49%	79.21%
Public	2.51%	20.79%

writing instrument facility, funding capital expenditures at the subsidiary level, addressing working capital requirements, and repaying borrowings.

The promoter and promoter group entities will partake in the OFS, reducing their shareholding post-IPO, yet retaining a significant majority stake in the company. This reduction in shareholding is a strategic step towards expanding the company's investor base and increasing public ownership.



FWIL's IPO presents a unique opportunity for investors looking for medium to long-term rewards. Although the issue appears fully priced based on annualized FY24 earnings, the company's robust financial performance, diverse product range, and strategic market positioning make it a noteworthy contender in the growing writing instruments and allied industries market. With its innovative approach and solid foundation, FWIL is well-positioned to leverage its market presence and continue its growth trajectory in the years to come.

Industry Overview

The writing and creative instruments sector encompasses a range of products including pens, pencils, markers, highlighters, crayons, sketch pens, color pencils, and various accessories like erasers and sharpeners. Pens, notably, hold a significant share within this sector.

Indian Market Characteristics

1. Manufacturing Dynamics: The Indian market is categorized into two primary segments:

- **In-house Manufacturing:** Companies with in-house manufacturing capabilities, such as Flair, benefit from lower production costs and greater flexibility for innovation and product development. This approach aligns well with the evolving consumer preferences.
- **Import-Reliant Firms:** Some companies rely on imports, which might not offer the same level of cost efficiency or product customization.

2. International Collaboration: There's a trend of international brands partnering with Indian firms to utilize their in-house manufacturing facilities. This strategy offers a cost-effective avenue for international brands to penetrate the Indian market without establishing their own production units.

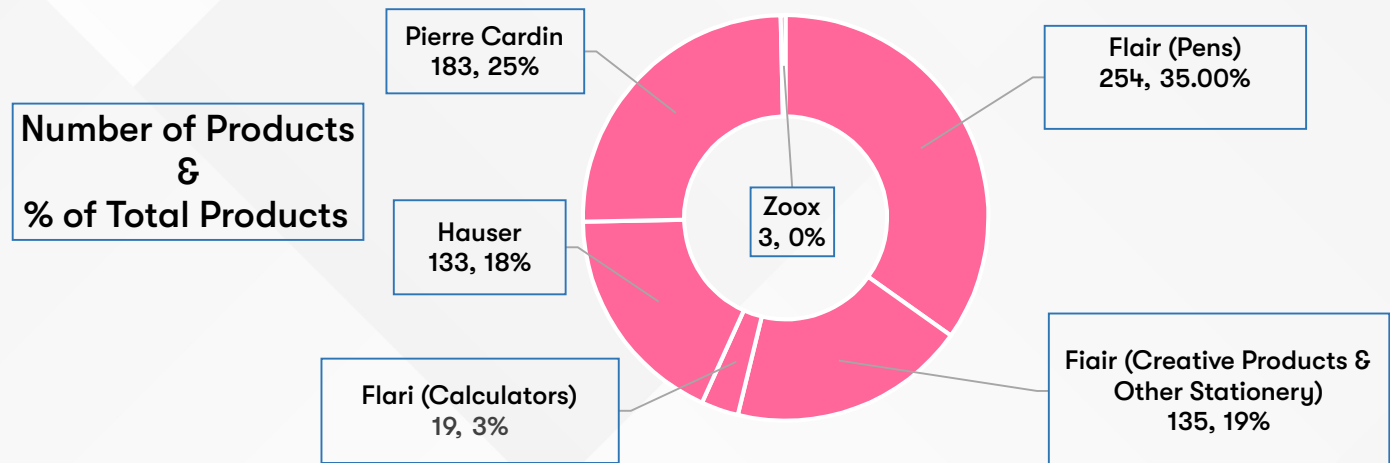
Growth Projections

CAGR Estimate (2023 – 2028): The industry is projected to grow at a CAGR of 7.7 – 8.4% over the next five years. This growth is driven by several factors:

- **Education Sector Expansion:** With a growing focus on education and a rising literacy rate, demand for writing and creative instruments is expected to surge. This growth is further supported by the rise of parallel education systems like coaching classes and training programs.
- **Office Sector Recovery:** The return to office work post-pandemic is anticipated to boost demand from the office-going demographic.
- **Government Initiatives:** The introduction of the New Education Policy (NEP) and skill development programs for MSMEs by the Indian government are likely to enhance education penetration and workforce skill levels, indirectly benefiting the industry.

Current and projected state of the Indian writing and creative instruments industry presents significant opportunities for growth and expansion. By capitalizing on its strengths in manufacturing and adapting to market trends, Flair is well-positioned to increase its market share and influence in the coming years.

Product Portfolio



Flair: Established in 1976, the company's flagship brand, "Flair," initially focused on producing fountain pens, ball pens, and refills under the ownership of M/s. Wimco Pen Co. Khubilal Rathod, one of the Promoters, specialized in metal pen manufacturing. In 1986, due to a partnership restructuring within M/s. Wimco Pen Co., the "Flair" brand transitioned to a new entity, M/s. Flair Writing Instruments, which later evolved into the current company in 2016.

As of June 30, 2023, Flair's product range encompasses plastic and metal pens, including ball pens, fountain pens, gel pens, roller pens, and metal pens. This category boasts the company's largest product offering. Flair also provides various stationery items like mechanical pencils, highlighters, correction pens, markers, gel crayons, and kids' stationery kits. The product line extends to calculators, houseware products, and steel bottles. Flair's creative range includes watercolors, crayons, sketch pens, erasers, wooden pencils, geometry boxes, fine liners, sharpeners, and scales. Pens in the Flair brand range from ₹5 to ₹250 in price. As of June 30, 2023, the brand comprises over 727 different SKUs, catering to diverse customers in India and international markets. Top-selling Flair products for the three-month period ending June 30, 2023, included the "Ezee-Click Ball Pen" and the "Woody Pen," while the highest revenue-generating products for the fiscal year 2023 were the "Ezee-Click Ball Pen" and the "Writometer."

Hauser: The company introduced "Hauser" writing products in 2014. The brand's origins can be traced back to NPPI, a partnership firm that later transformed into FPPIPL and subsequently merged with the company. In March 2014, NPPI acquired specific "Hauser" trademarks through a brand sale agreement with HAUSER GmbH. This agreement, governed by Swiss law, marked the beginning of the Hauser brand. NPPI, in turn, granted HAUSER GmbH a limited license for certain Hauser trademarks for a period of 20 years, with the potential for automatic renewal for additional 10-year periods, covering certain European territories.

As of June 30, 2023, the Hauser product line includes both metal and plastic pens, encompassing ball pens, fountain pens, gel pens, and liquid ink pens. Additionally, Hauser offers stationery items, such as whiteboard markers, permanent markers, highlighters, mechanical pencils, and correction pens. The price range for Hauser pens spans from ₹6 to ₹325. The top-selling Hauser products for the three-month period ending June 30, 2023, included the "XO Ball Pen" and the "XO Jumbo Ball Pen," while the fiscal year 2023 featured the "XO Ball Pen" (with an impressive 2 crore units of pens sold in March 2023) and the "Sonic Gel Pen."



Pierre Cardin: The company introduced "Pierre Cardin" writing products in 2012, following a trademark assignment agreement dated December 10, 2012, between PCL S.A. and Flair Pens Ltd, a Group Company and a member of the Promoter Group. "Pierre Cardin" is a well-known French brand. The company acquired certain "Pierre Cardin" trademarks from Flair Pens Limited on July 10, 2018. Previously, Flair Pens Ltd had manufactured and sold "Pierre Cardin" writing products in India under a license agreement dated December 1, 1994, with PCL S.A. Under exclusive brand authorization arrangements with PCL S.A., the company recently commenced exporting "Pierre Cardin" products to select countries, subject to commission payments.

As of June 30, 2023, the "Pierre Cardin" product lineup includes ball pens, fountain pens, roller pens, mechanical pencils, and gift sets. This brand primarily targets premium segment consumers, including professionals and offices. The price range for "Pierre Cardin" pens varies from ₹50 to ₹3,000. The best-selling "Pierre Cardin" products for the three-month period ending June 30, 2023, were the "Golden Eye Ball Pen" and the "Image Ball Pen," while the fiscal year 2023 featured the "Golden Eye Roller Pen" and the "Lapaz Ball Pen."

Other Brands: In addition to Flair, Hauser, and Pierre Cardin, the company also offers products under the "ZOOX" brand, positioned in the mid-premium category. Furthermore, they serve as distributors for "ZIG" pens from Japan in the Indian market. Notably, the highest-selling "ZOOX" products for both the three-month period ending June 30, 2023, and the fiscal year 2023 were the "ZOOX F7" and the "ZOOX Y7."

Houseware Products: As of June 30, 2023, the company's houseware product lineup includes casseroles, bottles, storage containers, serving solutions, cleaning solutions, and baskets and paper bins. In the three-month period ending June 30, 2023, the revenue generated from houseware products amounted to ₹3.74 crore, contributing 1.52% to the total revenue from operations during the same period. For the fiscal year 2023, houseware products contributed ₹7.15 crore, equivalent to 0.76% of the total revenue. These products are manufactured and distributed through one of the company's subsidiaries, FWEPL.

Steel Bottles: Flair offers steel bottles with single and double vacuum layers, allowing for customization in design and size. The company has received a letter of intent from a key OEM customer with whom they have maintained a relationship for over 15 years. In March 2023, one manufacturing line was commissioned, with plans to commission two more lines in the third quarter of FY2024. Out of these three lines, two are intended for dedicated use by the OEM customer, while one is allocated for manufacturing and sale in India and for exports under the company's own brands.



	FY21		FY22		FY23		Q1FY24		CAGR (FY21-23)
	Rs. Cr	% of Pens Revenue	Rs. Cr	% of Pens Revenue	Rs. Cr	% of Pens Revenue	Rs. Cr	% of Pens Revenue	
Flair Pens	96.4	39%	184.3	40%	323.6	45%	86.6	45%	83%
Hauser Pens	33.5	14%	76	16%	193	27%	55	29%	140%
Pierre Cardin Pens	14.1	6%	35.7	8%	52.4	7%	10	5%	93%
Others (1)	101.8	41%	169.2	36%	156.7	22%	40.1	21%	24%
Total	245.8	100%	465.2	100%	245.8	100%	191.7	100%	72%

Details of super-stockists, distributors/dealers and wholesales/retailers:

Particulars	FY21	FY22	FY23	Q1FY24
Number of super-stockists	84	125	131	131
Number of distributors/dealers	5,638	7,307	7,754	7,754
Number of wholesalers/retailers	180,000	235,000	315,000	315,000

Flair Writing boasts a robust nationwide sales and distribution network, encompassing superstockists, distributors, direct dealers, wholesalers, and retailers. This extensive network serves as a vital conduit for gaining insights into consumer preferences and collecting valuable market feedback. As of June 30, 2023, the company had 131 super-stockists across India, including an in-house super-stockist serving the Mumbai region through the Flair Sporty division. To support this extensive network, the company maintains a dedicated team of 889 sales and marketing professionals. Impressively, the company has nurtured long-lasting relationships with its Top-5 superstockists, with an average partnership duration of approximately 25 years.

Flair Writing's reach extends deep into the Indian market, with retail distributors operating in 2,424 cities, towns, and villages as of June 30, 2023. Beyond traditional distribution channels, Flair Writing's products are also available through modern retail outlets and a variety of e-commerce platforms, enhancing accessibility for consumers. On the international front, the company has established a global presence through partnerships with 54 international distributors, each catering to specific regions or countries. Their products are effectively marketed in 77 countries worldwide, underscoring the company's commitment to expanding its global reach. The company's marketing and brand-building strategies are carefully designed to engage both consumers and distribution partners, ensuring effective outreach and service in diverse markets.



In the first quarter of the fiscal year 2024, the company's product mix reveals a predominant focus on writing instruments, which account for a dominant 97% of the product portfolio. This significant share underscores the company's specialization and market positioning in the writing instruments category. In contrast, houseware products represent a modest 2%, indicating a smaller but still notable presence in the company's product range. Steel bottles, while part of the product lineup, contribute minimally to the mix with a mere 1%, suggesting either a nascent venture into this category or a limited selection offered by the company. Additionally, there is a marginal segment categorized under "Others," which, based on the provided data, appears to be less than 1%, reflecting a collection of various minor products or services that the company provides.

Turning to the geographical distribution of revenue, domestic sales form the bedrock of the company's business, comprising 84% of total revenue. This heavy reliance on the domestic market indicates a strong foothold or preference for local over international trade. Conversely, export activities represent just 16% of revenue, pointing to a lesser, albeit significant, engagement with international markets. This suggests potential for growth in the company's global outreach strategies and might be an area to consider for expansion to diversify revenue streams and reduce dependency on the domestic market.

Profit & Loss Statement

Income Statement (Rs in Mn)	FY23	FY22	FY21
Revenue			
Revenue from Operations	9,427	5,774	2,980
Total Revenue	9,427	5,774	2,980
Expenses			
Cost of raw materials	5,082	3,336	1,461
Purchases of Stock-in-Trade	62	47	48
Changes in inventory	-55	-302	156
Employee benefit expenses	1,173	878	584
Other expenses	1,330	838	502
Total Operating Expenses	7,592	4,798	2,750
EBITDA	1,835	976	230
Depreciation and Amortization	273	244	224
Other income	116	102	129
EBIT	1,678	834	135
Finance costs	90	100	113
Exceptional Item	0	0	0
PBT	1,588	735	21
Total tax	407	183	11
PAT	1,181	552	10
Diluted EPS	12.7	5.9	0.1

Cashflow Statement

Cash Flow Statement (Rs. in millions)	FY23	FY22	FY21
Cash Flow from operating activities	964	964	964
Cash flow from investing activities	-736	-736	-736
Cash flow from financing activities	-223	-223	-223
Net increase/(decrease) in cash and cash equivalents	5	5	5
Cash and cash equivalents at the beginning of the period	3	3	3
Cash and cash equivalents at the end of the period	8	8	8

Balance Sheet

Balance Sheet (Rs. In Millions)	FY 23	FY 22	FY 21
Equity Share Capital	467	233	233
Other Equity	3,885	2,936	2,383
Total Equity	4,352	3,170	2,616
Non-Current Liabilities	650	920	1,350
(i) Borrowings	418	734	1,116
(ii) Lease Liabilities	68	14	44
Provisions	5	16	35
Other financial liabilities	63	61	53
Deferred tax liabilities (net)	96	95	102
Current Liabilities	1,840	1,486	841
Borrowings	738	529	187
Lease liabilities	11	30	32
Trade Payables (MSME and SME)	228	170	86
Trade Payables (Other than MSME and SME)	408	333	325
Other financial liabilities	204	196	140
Provisions	77	56	48
Current tax liabilities (Net)	65	94	1
Other current liabilities	109	77	23
Total Liabilities	2,490	2,405	2,191
Total Equity & liabilities	6,842	5,575	4,807
Assets			
Non-Current Assets	2,736	2,052	1,943
Property, plant and equipment	2,401	1,901	1,764
Capital Work-in-Progress	16	18	-
Right-of-use assets	75	36	65
Goodwill	4	-	-
Intangible Assets	20	24	27
Financial Assets	56	23	20
Income Tax Assets (Net)	1	1	-
Other Non-Current Assets	164	51	66
Current Assets	4,106	3,523	2,864
Inventories	2,138	1,843	1,314
Investments	-	-	163
Trade Receivables	1,707	1,470	1,158
Cash and Cash Equivalents	8	3	7
Loans	3	2	2
Other Financial Assets	8	3	2
Other current assets	242	202	218
Total Assets	6,842	5,575	4,807

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