



Flair Writing Industries Ltd is among the 3 leading players in the overall writing instruments industry and holds market share of 9% in overall industry as on March 2023. They also export 25% of their products across globe. They hold a market share of 7.1% in export of writing and creative instrument industry as on March 2023 according to CRISIL. Its flagship brand name is 'Flair' which is present since 45 years.

Revenue and PAT has increased with a CAGR of 14% and 15% for FY2017-23. The Company has witnessed faster growth of 14% CAGR as compared to industry growth of 5.5% for FY17-23. This issue is available at P/EPS of 24x for FY2023 which appears fairly priced with peers. Hence, we recommend to subscribe the issue for listing gains and long term gains.



## About the Company:

Flair Writing Industries Limited are the largest player in pens segment reporting a revenue of ₹7,541.8 million in Financial Year 2023 from the pens writing instruments segment in India, according to CRISIL. They are among the top three players in the overall writing instruments industry with a revenue of ₹9,155.5 million in Financial Year 2023 and occupy a market share of approximately 9% in the overall writing and creative instruments industry in India, as of March 31, 2023, according to CRISIL. Their flagship brand "Flair" has enjoyed a market presence of over 45 years. They have an extensive range of products across various price points and cater to a broad range of consumers, including students, professionals and offices. They manufacture and distribute writing instruments including pens, stationery products and calculators. Leveraging on their manufacturing capabilities, and existing customer base in the writing and creative instruments business, they have also diversified into manufacturing houseware products and steel bottles.

## Issue details

Price Band (Rs in per share)	288-304
Issue size (Rs in Crore)	593.00
Fresh Issue size (Rs in Crore)	292.00
OFS Issue size (Rs in Crore)	301.00
Issue open date	22-11-2023
Issue close date	24-11-2023
Tentative date of Allotment	30-11-2023
Tentative date of Listing	05-12-2023
Total number of shares (lakhs)	205.90-195.07
No. of shares for QIBs (50%) (lakhs)	102.95-97.53
No. of shares for NII (15%) (lakhs)	30.89-29.26
No. of shares for retail investors (35%) (lakhs)	72.07-68.27
No. of shares for employees (lakhs)	NIL
Minimum order quantity	49
Face value (in Rs)	5.00
Amount for retail investors (1 lot)	14112-14896
Maximum number of shares for Retail investors at lower Band	686 (14 lots)
Maximum number of shares for Retail investors at upper band	637 (13 lots)
Maximum amount for retail investors at lower Band- upper band (in Rs)	197568-193648
Exchanges to be listed on	BSE, NSE

## RESEARCH ANALYST

Sankita V  
sankita@canmoney.in | Tel 022-43603863



## Promoters

- Mr. Khubilal Jugraj Rathod
- Mr. Vimalchand Jugraj Rathod

## Objective of the Offer

- Setting up the New Valsad Unit
- Funding capital expenditure of the company and subsidiary, FWEPL
- Repayment/ prepayment, in part or full, of certain borrowings availed by the company and subsidiaries, FWEPL and FC IPL
- Offer for sale of equity shares by promoter and selling shareholder aggregating up to Rs. 301 crores.



## Financials

Brief Financials				
Particulars (Rs. Cr)*	June 2023	FY23	FY22	FY21
Share Capital	46.69	46.69	23.35	23.35
Net Worth	470.16	437.99	319.86	264.65
Revenue from Operation	246.70	942.66	577.40	297.99
PBT	42.95	158.80	73.45	2.14
PAT	32.14	118.10	55.15	0.99
EPS	3.44	12.66	5.91	0.11
Net Asset Value (Rs)	50.34	46.90	34.25	28.34
Total Borrowings	126.66	115.59	126.33	130.31
P/E#	22.09^	24.01	NA	NA
P/B #	6.04	6.48	NA	NA

# Calculated at upper price band \* Restated consolidated financials ^annualised EPS

## Industry Review:

## Writing and creative instruments industry

The writing and creative instruments segment comprises of writing equipment such as pens, pencils, markers and highlighters; and art and hobby equipment such as crayons, sketch pens, colour pencils, brushes, and accessories such as erasers, sharpeners. Among the writing and creative instruments industry pens account for a major share.

## In-house manufacturing preferred in Indian writing and creative instruments industry

The manufacturing landscape of Indian writing and creative instruments industry is broadly divided into two major categories of players: those with in-house manufacturing capabilities and those that rely on imports. Players with inhouse manufacturing capabilities can produce products at a lower cost, in addition to having the flexibility to innovate and develop products that satisfy changing consumer preferences. In addition to this, there are international brands that partner with Indian entities to leverage their in-house manufacturing facilities providing them a cost-effective way to expand their presence in the domestic market without the need to set up their own manufacturing facilities.

Indian writing and creative instruments industry, by manufacturer's realisation



Note:  
E: Estimated; P: Projected  
Source: CRISIL MI&A

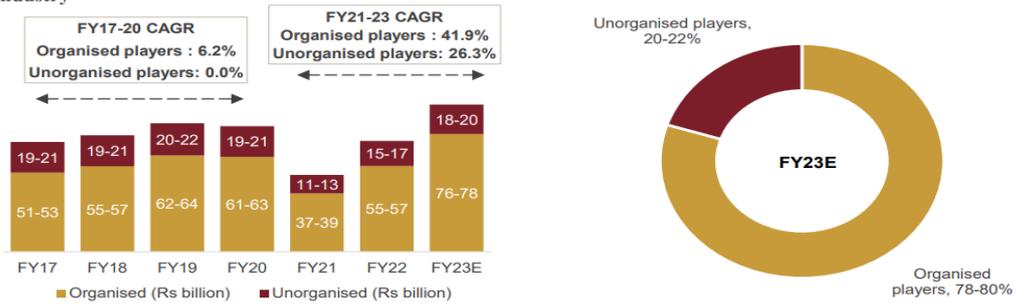
## Indian writing and creative instruments industry to grow at 7.7 – 8.4% CAGR over Financial Years 2023 – 28

The rising focus on education, which is also reflected in the rising literacy rate for the country, coupled with the rising trend of parallel education in recent years, characterised by the emergence of coaching classes, training programmes, etc. is expected to provide impetus to the industry. Apart from this, with the return to offices, demand from the officegoing population is also expected to contribute to the growth of the industry going forward. Further introduction of NEP by government of India focusing on education penetration in the country and the skill development programs by government for Medium, Small and Micro Enterprises ("MSMEs") coupled with growth in the sector aiding in addition of workforce would further bolster the writing and creative instruments industry.



Share of organised players in Indian writing and creative instruments industry, by manufacturer's realisation

Trend among organised and unorganised players in industry Share of organised players in Financial Year 2023



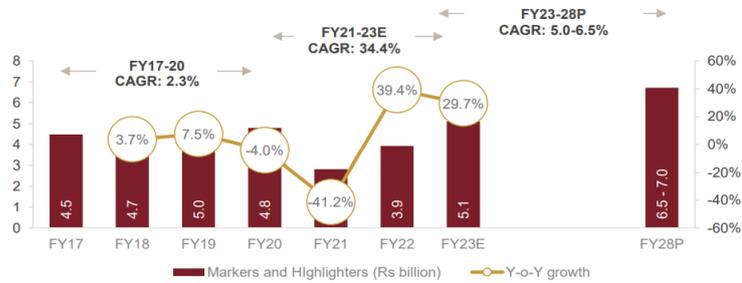
Note:  
E: Estimated  
Source: CRISIL MI&A

Share of organised vs unorganised players in Indian writing and creative instruments industry



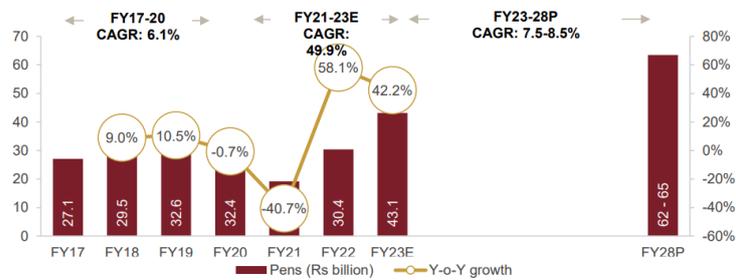
Note:  
E: Estimated; P: Projected  
Source: CRISIL MI&A

Marker and highlighter segment in India at manufacturers realisation



Note:  
E - Estimated, P - Projected  
Source: CRISIL MI&A

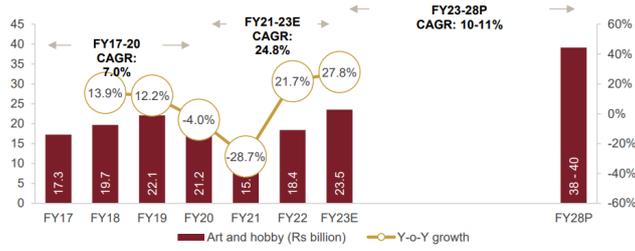
Pen segment in India at manufacturers realisation



Note:  
E - Estimated, P - Projected  
Source: CRISIL MI&A

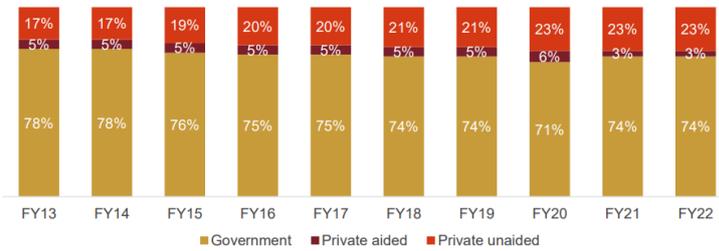


Art and hobby segment in India at manufacturers realisation



Note: E - Estimated, P - Projected Source: CRISIL MI&A

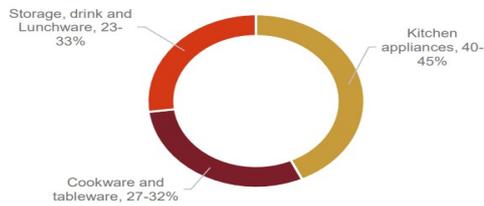
Trends in composition of schools by management



Source: DISE, CRISIL MI&A

Indian homeware industry (2023E)

As of Financial Year 2023, Indian homeware industry market is estimated to be around Rs 400 – 450 billion.



Note: E: Estimated Source: Industry, CRISIL MI&A



## Competitive Strengths

**Largest player in the pens writing instruments segment in India:**

They are the largest player in pens segment in India reporting a revenue of ₹7,541.8 million in Financial Year 2023 from the pens writing instruments segment, according to CRISIL. They are among the top three players in the overall writing instruments industry with a revenue of ₹9,155.5 million in Financial Year 2023 and occupy a market share of approximately 9% in the overall writing and creative instruments industry in India, as of March 31, 2023, according to CRISIL. According to CRISIL, they are also among the top two organized players which have seen faster growth in revenue as compared to overall writing and creative instrument industry growth rate, i.e., while the industry grew at a CAGR of 5.5% between Financial Year 2017 and 2023, they grew at a CAGR of approximately 14% during the same period. In Financial Year 2023, they sold 1,303.60 million units of pens, of which 975.30 million units or 74.82% was sold domestically, and 328.30 million units or 25.18% was exported globally. Their flagship brand, “Flair” was launched in 1976, with the involvement of company’s Promoters throughout its history and a focus on innovative designs and quality writing instruments. They have developed a reputation as one of the key manufacturers of pens writing instruments in India, according to CRISIL, and aim to continue to build on this reputation by introducing new range of products and brands. They also offer products under their other principal brands of “Hauser”, “Pierre Cardin” and “ZOOX”. According to CRISIL, within the writing and creative instruments industry, pens form a major share and is driven by volumes. Their brands “Flair” and “Hauser” offer mass-market and premium pen and stationery products, their brand “ZOOX” focusses on mid-premium and premium writing instruments, and company’s “Pierre Cardin” brand offers premium pen and stationery products

**Diversified range of products across various price points catering to a wide spectrum of consumers:**

They have the most comprehensive product portfolio in the writing and creative instruments industry in India, according to CRISIL. They have an extensive product range across various price points and consumer segments, including pen products (ball pens, fountain pens, gel pens, roller pens and metal pens), which is their largest category in terms of number of products offered, creative and stationery products (mechanical pencils, highlighters, correction pens, markers, gel crayons, colouring range, erasers, geometry boxes and kids’ stationery kits), calculators, and they offered 699 different products as of March 31, 2023. They focus on providing quality products to consumers, including students, professionals and offices. They offer products at prices ranging between ₹5 and ₹3,000. According to CRISIL, expansion within each price segment is crucial to tap demand at various price points. Their goal is to cater to consumers in target segments, from writing instruments priced between ₹5 and ₹15 (“Mass Segment”), priced between ₹16 and ₹100 (“Mid-premium Segment”) and priced above ₹100 (“Premium Segment”).

**Largest pan-India distributor/dealer network and wholesale/retailer network in the writing instruments industry and strong presence in targeted markets abroad:**

Company’s multi-tiered nationwide domestic sales and distribution network enables their products to reach a wide range of consumers and help to ensure effective market penetration across geographies. According to CRISIL, despite the growing share of modern retail formats, the writing instruments industry in India heavily relies on the traditional manufacturer-distributor-retailer model. Vintage, brand recognition, price position and exclusive selling rights (in some cases) play a crucial role in expanding footprint, according to CRISIL. Compared with other key organized players in the writing and creative instruments industry such as DOMS, Camlin, Linc and Luxor, their Company had the largest distributor/dealer network and wholesale/retailer network, in the writing instruments segment in India, according to CRISIL, comprising approximately 7,700 distributors/dealers and approximately 315,000 wholesalers/retailers, as of March 31, 2023. As of March 31, 2023, they had 131 super-stockists in India (including Flair Sporty), supported by their sales and marketing employees, and a retail presence in 2,387 cities, towns and villages in India.



## Risk Factors

### **Impact on reputation of the brands:**

They derive a significant portion of their revenue from the sale of their products under the “Flair”, “Hauser” and “Pierre Cardin” brands, and any harm to such brands or reputation may adversely affect their business, financial condition, cash flows and results of operations.

### **Inability to forecast demand:**

Their inability to accurately forecast demand for their products and manage their inventory may have a material adverse effect on their business, operations, prospects or financial results.

### **Dependence on third party vendors:**

They are dependent on certain third party vendors from whom they procure certain components on a non-exclusive basis and any significant loss or disruption of production or deterioration in product quality from their third party vendors for any reasons could have a material adverse effect on their business, operations, prospects or financial results. They do not have contractual arrangements with such third party vendors.

**Peer Comparison**

Name of the company	Total Revenue (in Rs Cr)	Face Value (Rs per share)	EPS (in Rs)	Return on Net Worth (%)	NAV (Per share Rs)	P/E#	P/B#
Flair Writing Industries Ltd	942.66	5.00	12.66	31.17	46.90	24.01	6.48
Linc Ltd	486.76	10.00	25.15	23.37	119.17	26.26	5.54
Kokuyo Camlin Ltd	774.94	1.00	2.44	9.74	26.18	59.47	5.54
Cello World Ltd	1796.70	5.00	13.65	23.17	56.84	57.59	13.83

Consolidated numbers for FY2023 #calculated as per the upper band and as per the closing price on 20th November 2023 for the other listed companies.

**OUR VIEWS**

Flair Writing Industries Ltd is among the 3 leading players in the overall writing instruments industry and holds market share of 9% in overall industry as on March 2023. They also export 25% of their products across globe. They hold a market share of 7.1% in export of writing and creative instrument industry as on March 2023 according to CRISIL. Its flagship brand name is 'Flair' which is present since 45 years.

Revenue and PAT has increased with a CAGR of 14% and 15% for FY2017-23. The Company has witnessed faster growth of 14% CAGR as compared to industry growth of 5.5% for FY17-23. This issue is available at P/EPS of 24x for FY2023 which appears fairly priced with peers. Hence, we recommend to subscribe the issue for listing gains and long term gains.

Sources: Company Website and red herring prospectus



## Analyst Certification

We/I, Sankita V, MBA, Mcom Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Disclosures and Disclaimers

CANARA BANK SECURITIES LTD (CBSL), a wholly owned subsidiary of CANARA BANK, is a SEBI registered intermediary offering broking services to its institutional and retail clients; we also run a proprietary trading desk. CBSL is member of BSE & NSE. We are registered as RESEARCH ANALYST under SEBI (INH000001253). CBSL or its associates do not have an investment banking business. Hence, they do not manage or co manage any public issue. Neither CBSL nor its associates, neither the research analysts nor their associates nor their relatives (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the end of the month immediately preceding the date of publication of the research report OR date of the public appearance (iv) have received any compensation from the subject company in the past twelve months (v) have received any compensation for investment banking merchant banking or brokerage services from the subject company in the past twelve months (vi) have received any compensation for any other product or services from the subject company in the past twelve months (vii) have received any compensation or other benefits from the subject company or third party in connection with the research report. (viii) Research Analyst involved in the preparation of Research report discloses that he /she has not served as an officer, director, or employee of subject company (ix) is involved in market making activity of the company.

We shall adhere to SEBI guidelines from time to time.

We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of CBSL. The Research Desk does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of CBSL. CBSL will not treat recipients as clients by virtue of their receiving the research report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, the Research Desk does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive it. The securities discussed in the report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive the research report should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in the research report and of evaluating the merits and risks involved in the securities forming the subject matter of the reports. All projections and forecasts in research reports have been prepared by our research team.

The client should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by CBSL. For these reasons; The client should only consider the projections and forecasts described in the research reports after carefully evaluating all of the information in the report, including the assumptions underlying such projections and forecasts. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. CBSL or its research team involved in the preparation of the research reports, accept no liabilities for any loss or damage of any kind arising out of the use of these reports. The technical levels and trend etc mentioned in our reports are purely based on some technical charts/levels plotted by software used by us and these charts/levels are believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. The recommendation expressed in the reports may be subject to change. The recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. This research reports are for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of CBSL. The Research reports or any portion hereof may not be printed, sold or distributed without the written consent of CBSL. The research report is strictly confidential and is being furnished to client solely for client's information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely based on certain assumptions & calculations and are given as part of the normal research activity of CBSL and are given as of this date and may be subject to change. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection. The report has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Any opinions and projections contained herein are entirely based on certain assumptions and calculations. None of the directors of the company or any other persons in the research team accepts any liability whatsoever for any loss arising from any use of the research report or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that the client has read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India (SEBI) before investing in Securities Market. Please remember that investment in stock market is subject to market risk and investors/traders need to do study before taking any position in the market.

**Research Desk**  
**Canara Bank Securities Ltd**  
**SEBI: RESEARCH ANALYST REGISTRATION: INH000001253**  
**BSE: INB 011280238, BSE F&O: INF 011280238**  
**NSE: INB 23180232, F&O: INF 231280232, CDS: 231280232**  
**Maker Chambers III, 7th floor,**  
**Nariman Point, Mumbai 400021**  
**Contact No. : 1800220369/18001031369, 022 - 22802441/42,**  
**43603841/42**  
**Email id: [researchdesk@canmoney.in](mailto:researchdesk@canmoney.in) Website: [www.canmoney.in](http://www.canmoney.in)**