



IPO NOTE

FLAIR WRITING INDUSTRIES LIMITED

Rating:

SUBSCRIBE

(FOR LISTING GAIN AND LONG TERM)



ISSUE OFFER

Issue Opens on	NOV 22, 2023
Issue Close on	NOV 24, 2023
Total IPO size (cr)	593.00
Fresh issue (cr)	292.00
Offer For Sale (cr)	301.00
Price Band (INR)	288-304
Market Lot	49
Face Value (INR)	5
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion		50%
NIB Portion		15%
Retail Portion		35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
95,790,115	105,395,378

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	30-11-2023
Refunds/Unblocking ASBA Fund	01-11-2023
Credit of equity shares to DP A/c	04-11-2023
Trading commences	05-11-2023

Flair is engaged in developing and manufacturing writing instruments that are tailored to today's continuously shifting market and has established business relationships with some of the leading pioneers in the writing industry. The company owns several brands including FLAIR, HAUSER, PIERRE CARDIN, FLAIR CREATIVE, FLAIR HOUSEWARE, and the ZOOX.

OBJECTS OF THE ISSUE

- Setting up a new manufacturing facility in Gujarat.
- Funding capital expenditure of the company.
- Funding working capital requirements.

OUTLOOK & VALUATION

Flair Writing Industries Limited (FWIL) is among the top three players in the overall writing and creative instruments. FWIL has established significant improvements in margins and demonstrated a history of reliable and solid financial success.

However, there is some competition in the market in which this industry operates. Additionally, the business depends on raw material imports.

Lastly, the IPO is coming at a very attractive valuation of 24.01x, Thus, after considering all the factors we will assign a Subscribe rating to this IPO for listing gain as well as for long-term benefits.



KEY MANAGERIAL PERSONNEL

01

Mr. Khubilal Jugraj Rathod

Chairman and Whole-time Director of Company. He has over 48 years of experience in the writing instruments industry. He is responsible for providing overall guidance and vision in development of new factory units and taking decisions in day to day business activities of the Company.

02

Mr. Vimalchand Jugraj Rathod

Managing Director of the Company. He was previously the chairman of the Plastic Export Promotion Council and currently the chairman of the Pen and Stationery Association of India. In addition to the overall management of the Company, he heads the accounts, finance and taxation departments in the Company.

03

Mr. Mayur Dhansukhlal Gala

Chief Financial Officer of the Company. Prior to joining this Company, he worked with Ratan Poly Plast, Valation Finance and Marketing Private Limited and Prince Plastics International Private Limited.

04

Mr. Vishal Kishor Chanda

Company Secretary and Compliance Officer of the Company. He is responsible for the overall secretarial and statutory compliance in the Company. He is an associate member of the Institute of Company Secretaries of India.

05

Mr. Jatin Chadha

Chief Operating Officer of the Company. Prior to joining the Company, he was associated with FPPIPL (which was subsequently merged into the Company pursuant to the Scheme).



COMPANY PROFILE

- The company is among the top three players in the overall writing instruments industry with a revenue of ₹9,155.5 million in Financial Year 2023 and occupies a market share of approximately 9% in the overall writing and creative instruments industry in India, as of March 31, 2023.
- Flair had the largest distributor/dealer network and wholesale/retailer network, in the writing instruments segment in India, comprising approximately 7,700 distributors/dealers and approximately 315,000 wholesalers/retailers, as of March 31, 2023.
- Flair manufactures pens and other products from 11 manufacturing plants located in Valsad, in Naigaon (near Mumbai); in Daman, Union Territory of Dadra and Nagar Haveli and Daman and Diu; and in Dehradun.
- FWIL products are sold under the “Flair” and “Hauser” brands for mass markets, “ZOOX” for mid-premium segment, and “Pierre Cardin” for a premium segment for writing instruments and stationery products.

COMPETITIVE STRENGTHS

- Among the top three players in the overall writing instruments industry in India.
- Diversified range of products across various price points catering to a wide spectrum of consumers.
- Largest pan-India distributor/dealer network and wholesale/retailer network in the writing instruments industry* and strong presence in targeted markets abroad.
- Ability to partner with international brands in the writing instruments industry and one of the largest exporters of writing and creative instruments in India.
- Historical track-record of strong financial performance with industry-leading profitability.

KEY STRATEGIES

- Focus on growing the existing product portfolio and diversification of the product range.
- Emphasis on Mid-premium Segment and Premium Segment to increase margins.
- Continue to increase production capacity and enhance capacity utilization.
- Strengthening presence in key geographies along with strategically expanding exports.

KEY CONCERNS

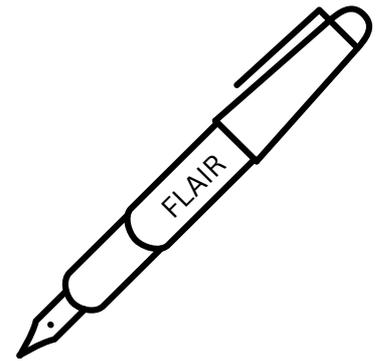
- A company's success depends on its ability to respond and adapt to consumer needs and maintain an optimal product mix.
- Dependent on the Promoters, the Directors, the Promoter Group, and the Group Companies for certain aspects of the business and operations.
- Competition from unorganized and organized players in the Indian writing and creative instruments industry could have a material adverse effect on business.
- Business is dependent on the import of raw materials, and any delay, interruption, or reduction in the supply of raw materials from suppliers may have an adverse effect on business.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	NAV	P/E	Total Income (Mn)	RoNW (%)
Flair Writing Industries Limited	12.66	46.90	-	9,426.60	31.17
Peer Group					
Linc Limited	25.15	119.17	33.50	4,867.60	23.37
Kokuyo Camlin Limited	2.44	26.18	56.82	7,749.43	9.74
Cello World Limited	13.65	56.84	60.73	17,966.95	23.17

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	466.94	233.47	233.47
Other Equity	3,882.56	2,936.32	2,382.55
Net Worth	4,352.29	3,169.79	2,616.02
Total Borrowings	418.01	734.08	1,116.11
Revenue from Operations	9,426.60	5,773.98	2,979.88
EBITDA	9,542.91	5,876.42	3,108.73
Profit Before Tax	1,587.99	734.48	21.37
Net Profit for the year	1,179.39	553.27	11.83



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