



IPO Details:

Flair Writing Industries Ltd is coming out with an IPO of about Rs. 593.0 cr consisting of 1,95,06,579 shares of face value of Rs. 5 each in a price band of Rs. 280 – Rs. 300. The IPO comprises of Fresh Issue of Rs. 292 cr and Offer for Sale of Rs. 301.0 cr by the Promoters of the Company. The IPO opens on 22nd November and closes on 24th November.

Company Details:

- Amongst the **top 3 players in the overall writing instruments industry**, catering to broad range of consumers, including students, professionals and offices through its extensive range of products available across various price points.
- Product basket comprises of variety of **pens**, (including ball pens, fountain pens, gel pens, roller pens and metal pens), **stationery products** (including mechanical pencils, highlighters, correction pens, markers, gel crayons and kids' stationery kits) and **calculators**.
- **Sells products under four brands** viz. “Flair”, “Hauser”, “Pierre Cardin” and recently launched, “ZOOX” in India.
- Manufactures pens and other products from **11 manufacturing plants** located in Valsad (Gujarat), Naigaon (Maharashtra), Daman & Diu and Dehradun (Uttarakhand) to cater to both domestic as well as export market.

Strength:

- Largest distributor/dealer network and wholesale/retailer network in the writing instruments segment in India which comprises of approximately, **7,700 distributors/dealers** and approximately **315,000 wholesalers/retailers** as of 31st Mar' 23.
- Enjoys market share of approximately **9%** in the overall writing and creative instruments industry **in India** and **7.1% in the export** of writing and creative instruments industry.
- **Ability to cater to diversified customer base** through its products which ranges from **Rs. 5 – Rs. 3,000** as it focuses on competitive pricing and aggressive marketing for its mass segment customers and brand building and product differentiation for its mid-premium and premium segment customers.
- **Established long-term relationships** with international companies for whom it manufactures and distributes or is a contract manufacturer.

Growth Drivers:

- Indian writing and creative instruments industry is expected to grow **from Rs. 9,680 cr in FY23 to Rs. 14,000 cr – Rs. 14,500 cr in FY28**.



- **Share of Organized players** in Indian writing and creative instruments industry is expected to increase from **Rs. 7,800 cr – Rs. 8,000 cr in FY23 to Rs. 11,650 cr – Rs. 11,950 cr** by FY28, translating into CAGR of 8.5% - 9.0%.
- **Expansion of product offerings** by organized players across various categories and age groups is expected to aid in the growth of business.
- **Diversification into manufacturing houseware products and steel bottles** by leveraging its manufacturing capabilities and existing customer base in the writing and creative instruments.

Objectives of Fund Raise – Fresh Issue of Rs. 292 cr:

- Rs. 55.99 cr will be utilized towards setting up new unit at Valsad.
- Rs. 86.75 cr will be utilized towards funding capex of the Company and its subsidiary, Flair Writing Equipments Pvt. Ltd.
- Rs. 77.00 cr will be utilized towards funding working capital requirements of the Company and its subsidiaries, Flair Writing Equipments Pvt. Ltd and Flair Cyrosil Industries Pvt. Ltd.
- Rs. 43.00 cr will be utilized towards repayment/pre-payment in part or full, certain borrowings availed by the Company and its subsidiaries
- Balance funds of the Net proceeds of the fresh issue will be utilized towards general corporate purposes.

Key Financial Highlights –

Flair Writing Industries Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	297.99	23.00	7.7%	0.99	0.11	0.1%	0.4%
FY22	577.40	97.57	16.9%	55.15	5.91	17.4%	18.9%
FY23	942.66	183.51	19.5%	118.21	12.66	31.2%	31.2%
Q1 FY24	246.70	52.34	21.2%	32.17	3.44	7.6%	7.1%

- Operating Revenues of the Company has grown from Rs. 297.99 cr in FY21 to Rs. 942.66 cr in FY23. Sharp jump in operating revenues was on the back of FY21 getting impacted due to Covid-19 pandemic.



- Ebitda margins has steadily increased from 7.7% in FY21 to 19.5% in FY23 on the back of operating leverage.
- Profits after tax has inched up from Rs. 0.99 cr in FY21 to Rs. 118.21 cr in FY23.
- Normalised operations in FY23 has exhibited better capital efficiency with both RoCE and RoE at 31.2%.

Valuations:

- At Upper end of the IPO price band of Rs. 304, Flair Writing Industries Ltd will be valued at about Rs. 3,204.02 cr.
- On EV/Ebitda basis, Company is available at 18.15x while on PE basis it will be available at 24.01x.
- **Investments in Flair Writing Industries Ltd should be avoided considering, the highly commoditized nature of writing instruments business, diversification into new line of businesses of manufacturing houseware products and steel bottles which already has presence of well established competitors and expensive valuations.**



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*Long Term Investments could range from 3-5 years.