



IPO Note- Flair Writing Instruments Ltd.

Flair Writing Instruments Limited (Flair) is among the top 3 players in the overall writing and creative instruments with a market share of ~9% in India as of FY23 in the overall writing and creative instruments industry in India. Company's flagship brand "Flair" has enjoyed a market presence of over 45 years with an extensive range of products. It manufactures and distributes writing instruments including pens, stationery products and calculators, leveraging the brand, strong distribution network and mfg. capabilities for both domestic and export markets. It has also diversified into manufacturing houseware products and steel bottles.

Wide range of products across brands and price points: -

Flair has an extensive product range across various price points and consumer segments, including pen products, creative and stationery products and calculators. Its products are sold under the "Flair" and "Hauser" brand for mass markets, "ZOOX" for mid premium segment and "Pierre Cardin" for premium segment for writing instruments and stationery products. It launched a range of "Flair Creative" products in FY21 cumulatively moving the product basket to 727 different product SKU as of June 2023.

Strong presence is domestic market and one of the largest exporter: -

Flair has the largest distributor and dealer network and wholesale and retailer network, in the writing instruments segment in India, comprising ~7,700 distributors and dealers and ~315,000 wholesalers and retailers as on FY23. As of June 2023, they had 131 super-stockists in India and a retail presence in 2,424 cities, towns and villages in India. Their 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. On export front, Flair is one of the largest exporter in writing instruments segment having strong relationship with 54 international distributors with its products sold across 77 countries.

Key Risks: - 1) Highly competitive business environment. 2) Resurgence of online lectures. 3) Price sensitive target market

Decent financials & valuation – SUBSCRIBE.

At the upper price band, Flair is available at a PE of ~24x its FY23 EPS which is reasonable compared to peers. Also, Flair manufactures majority of pen nibs in-house which provides them 2-3% additional margins over peers. We believe that Flair's strong brand name, experienced management, large distribution network, strong presence in its business segments, industry leading margins and healthy financials, is well placed for a strong growth trajectory. We have a **SUBSCRIBE** recommendation to this issue.

Key Financials (₹ Cr)	Mar-21	Mar-22	Mar-23
Revenue	298	577	943
EBITDA	23	98	184
EBITDA Margin (%)	7.7	16.9	19.5
PAT	1	55	118
PAT Margin (%)	0.3	9.6	12.5
Net Worth	265	320	438
ROCE (%)	0.1	17.4	31.2
ROE (%)	0.4	18.9	31.2

Source: ABML Research, RHP, company presentation

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Rating	SUBSCRIBE	
Issue Details		
Issue Opens	22-Nov-23	
Issue Closes	24-Nov-23	
Face Value (₹)	5	
Price Band (₹)	288-304	
Bid Lot	49	
Issue Size at higher price band (₹ Cr)	593	
Market cap @ upper price band (₹ cr)	3,204	
Listing	NSE/BSE	
BRLMs	Axis Capital, Nuvama Wealth	
Registrar	Link Intime India Pvt. Ltd.	
Shareholding Pattern (%)		
	Pre Issue	Post Issue
Promoter	97.49	79.21
Public	2.51	20.79
Issue Structure (In cr no. of shares)		
Issue size	1.95	
OFS	0.99	
Break-up of net issue to public (%):		
QIB's portion	50.0	
Non-Institutional portion	15.0	
Retail Portion	35.0	

Source: ABML Research, RHP

Analyst Details

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