

Stock Idea Note - Flair Writing Industries Limited

Company Overview

Incorporated in August 2016, with operations tracing back to 1976, Flair Writing Industries Limited is one of India's leading manufacturers of writing instruments. The company holds approximately 9% market share in India's writing and creative instruments sector and ranks among the top three players in the overall industry. Headquartered in Mumbai, Flair operates 11 manufacturing facilities across Valsad (Gujarat), Naigaon (Maharashtra), Daman, and Dehradun. Flair owns several established brands, including FLAIR, HAUSER (acquired in 2014), PIERRE CARDIN, ZOOX, FLAIR CREATIVE, and FLAIR HOUSEWARE. The company has established long-term relationships with international brands and operates as both a brand owner and OEM manufacturer. The company boasts the largest distributor/dealer network in the writing instruments industry in India. As of June 2023, Flair operates through 131 super-stockists and maintains retail distributor presence in 2,424 locations, supported by 889 sales and marketing employees. Products are available through traditional trade, modern retail outlets, e-commerce platforms, and 54 international distributors serving 115+ countries globally. Its business includes pens, creative and steel bottles and housewares segments.

Investment Rationale

Market leadership strengthened by differentiated competitive positioning and ongoing product innovation

Flair holds approximately 9% market share in the organized writing instruments industry and commands the largest market share among listed peers. The company's diversified brand portfolio provides positioning across all price segments: economy, mid-premium and premium, thereby allowing it to capture demand across different consumer segments. With a total revenue of Rs. 978.7 crores in FY24, Flair surpassed peers including Cello Ltd., Kokuyo Camlin Ltd, and Linc Ltd. The company is India's largest pen exporter with presence in 115+ countries, demonstrating strong global acceptance of its products. Flair has launched 144 new creative products in FY25 alone, demonstrating strong innovation capabilities. In H1FY26, the company launched 70+ new products across all segments. The focus on continuous innovation and category expansion addresses evolving consumer preferences and creates multiple growth drivers. The Disney partnership in September 2024 provides significant brand equity and shelf space advantages in the competitive creative segment. The collaboration with Maped France for distribution of premium products also enhances positioning in the mid-premium segment.

Premiumization led to margin expansion, supported by strategic capacity augmentation

Flair has implemented a focused strategy on mid-premium and premium segments, resulting in steady margin improvements. Average Selling Price (ASP) per piece increased from Rs. 3.9 in FY21 to Rs. 5.4 in FY24, driven by product mix enrichment toward higher-value offerings. The company anticipates 3-4% annual growth in ASP going forward. Q2FY26 demonstrated this margin expansion, with EBITDA margins at 18.8%, improving 164 basis points quarter-on-quarter. Despite diversifying into multiple categories, the company has maintained stable margins in the 18-19% range. The company invested Rs. 110 crores in capital projects during FY24 and has allocated Rs. 80-90 crores for FY26 capex. The centerpiece is the new state-of-the-art manufacturing facility in Valsad, Gujarat, spanning approximately 180,000 square feet. This facility is scheduled for full operations in Q4FY26 and will support both writing instruments and creative products manufacturing. The Valsad facility features flexible manufacturing capabilities, allowing flexible production across product categories to optimize capacity utilization. Additionally, a centralized warehousing facility covering 50,000 square feet in Daman has been inaugurated to improve logistics efficiency.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	318
Target Price (INR)	368
NSE Symbol	FLAIR
BSE Code	544030
Bloomberg	FLAIR IN
Reuters	FLAI.BO

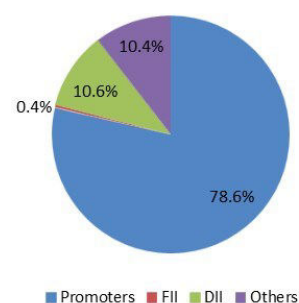
Key Data

Nifty	25,915
52WeekH/L(Rs.)	357 /194
O/s Shares (Cr.)	10.5
Market Cap (Rs, Cr.)	3,353
Face Value (Rs.)	5

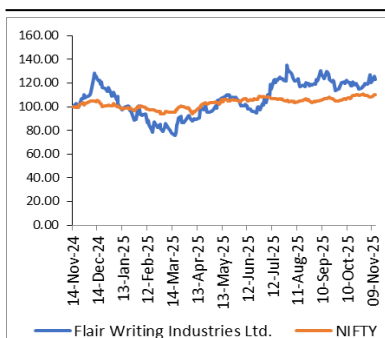
Average volume

3 months	1,53,430
6 months	1.83,140
1 year	1,65,860

Share Holding Pattern (%)



Relative Price Chart



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Valuation and Outlook

Flair Writing Industries is a strong investment pick, backed by its leadership in India's writing instruments and stationery market. The company has evolved from a pen manufacturer into a broad consumer brand with products across writing tools, creative items, and household categories. Management expects revenue growth to remain ahead of its earlier 15% CAGR guidance, indicating healthy momentum. The creative products segment remains the key driver, with strong medium-term growth potential of over 45% CAGR, supported by new production lines and expansion into products like watercolour pens, wooden pencils, and kits. The Disney-branded range is also expected to add to future growth. At current levels, Flair trades at a reasonable valuation considering improving margins and strong visibility on future performance. Overall, solid topline growth, management confidence, and margin expansion support our positive long-term outlook on the company. **Valuing the company at 26x FY26e earnings, we arrive at a target price of Rs. 368, implying a 16% potential upside over a 12-month horizon.**

Key Financials						
YE March (INR. Mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	577	943	979	1,080	1,226	1,409
Revenue Growth (Y-o-Y)	-	63.3%	3.8%	10.3%	13.5%	15.0%
EBITDA	98	184	191	185	218	265
EBIT Growth (Y-o-Y)	-	88.1%	4.2%	(3.4%)	18.1%	21.5%
Net Profit	55	117	118	119	149	193
Net Profit Growth (Y-o-Y)	-	112.2%	1.2%	0.5%	24.8%	30.2%
Diluted EPS	5.9	12.5	12.2	11.4	14.2	18.4
Diluted EPS Growth (Y-o-Y)	-	112.2%	(2.8%)	(6.9%)	24.7%	30.2%
Key Ratios						
EBITDA margin (%)	16.9%	19.5%	19.5%	17.1%	17.8%	18.8%
NPM (%)	9.6%	12.4%	12.1%	11.0%	12.1%	13.7%
RoE (%)	17.4%	26.9%	13.2%	11.7%	14.4%	18.3%
RoCE (%)	15.7%	28.0%	16.0%	13.0%	16.1%	20.1%
Valuation Ratios						
P/E (x)	53.8x	25.4x	26.1x	28.0x	22.5x	17.3x
EV/EBITDA (x)	35.8x	18.9x	17.5x	18.1x	15.2x	12.5x
P/BV (x)	10.5x	7.7x	3.7x	3.3x	3.2x	3.2x
Market Cap. / Sales (x)	5.8x	3.5x	3.4x	3.1x	2.7x	2.4x

Source: Bloomberg, BP Equities Research



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