



Flair Writing Industries Limited

(An ISO 9001:2015; ISO 14001 : 2015 & SA 8000 : 2014 Certified Company)

CIN NO.: L51100MH2016PLC284727

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Date: May 28, 2025

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001. Scrip Code : 544030	National Stock Exchange of India Limited Exchange Plaza, C/1, G Block, Bandra - Kurla Complex Bandra (East), Mumbai - 400 051. Symbol : FLAIR
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Sub: Transcript of Investor Call held on May 23, 2025

Dear Sir(s)/ Madam(s),

Pursuant to Regulation 30 of the Listing Regulations, copy of transcript of the Investor call held on Friday, May 23, 2025 at 12.00 p.m. (Indian Standard Time) to discuss Company's performance for the quarter and year ended March 31, 2025 is enclosed.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For **Flair Writing Industries Limited**

Vishal Kishor Chanda
Company Secretary and Compliance Officer

Encl: As above

MUMBAI

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DAMAN

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Daman 396 210, India

DAMAN

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Plot No.19 & 21, Zari Causeway Road,
Kachigam, Daman 396 210. India

DAMAN

Unit IV, Survey No. 370/2 A,
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Daman 396 210. India

DEHRADUN

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Twin Industrial Estate, Central Hope Town,
Selaqui, Dehradun 248 011, Uttarakhand, India

VALSAD

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National Highway 8,
Valsad 396 375, Gujarat, India



**“Flair Writing Industries Limited Q4 & FY ‘25
Earnings Conference Call”**

May 23, 2025



**MANAGEMENT: MR. VIMALCHAND RATHOD – MANAGING DIRECTOR,
FLAIR WRITING INDUSTRIES LIMITED
MR. MOHIT RATHOD – WHOLE TIME DIRECTOR,
FLAIR WRITING INDUSTRIES LIMITED
MR. SUMIT RATHOD – WHOLE TIME DIRECTOR,
FLAIR WRITING INDUSTRIES LIMITED
MR. ALPESH PORWAL – CHIEF FINANCIAL OFFICER,
FLAIR WRITING INDUSTRIES LIMITED**

MODERATOR: MR. DEVANSH DEDHIA – MUFG



*Flair Writing Industries Limited
May 23, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to the Flair Writing Industries Limited Q4 & FY '25 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devansh Dedhia. Thank you, and over to you, sir.

Devansh Dedhia: Thank you. Good afternoon, everyone. Welcome to the Flair Writing Industries' Q4 and FY '25 Earnings Conference Call.

Today, on the call we have Mr. Vimalchand Rathod –Managing Director; Mr. Mohit Rathod – Whole Time Director; Mr. Sumit Rathod – Whole Time Director; and Mr. Alpesh Porwal – the Chief Financial Officer.

A short disclaimer before we start this call. This call will contain some forward-looking statements, which may be based upon our belief, opinion, and expectations of the company as of today. These statements are not a guarantee of future performance and will involve unforeseen risks and uncertainties.

With that, I would now like to hand over the conference call to Mr. Vimalchand Rathod, the Managing Director, for his opening remarks. Thank you, and over to you, sir.

Vimalchand Rathod: Good afternoon, everyone. I want to express my gratitude to all the participants who have joined the call. I hope everyone had the opportunity to go through our investor presentation and press release that we have uploaded on the exchange.

It gives me immense joy to inform for the first time our company has crossed Rs. 1,000 crores in revenue in FY '25. During the quarter, we have kept building on our key product segments with new and attractive product launches, catering to a wide spectrum of consumers. We continued our growth during the quarter and over the broader second half of the financial year, with our Pen division leading the front, supported by growth momentum in our diversified segments of Creatives, Steel Bottles and Houseware.

The foundation of revenue continues to come from our very strong portfolio of own brands. Amongst the other important highlights of the quarter and financial year was our announcement of strategic investment in Flomax for building a renewed focus on pencil category. We have also undertaken a distribution partnership with Maped, France, for its stationary products. Maped is one of the largest European stationary brands and we are hoping to deepen our business relation with them in the near future.



Flair Writing Industries Limited
May 23, 2025

I am happy to announce that the Board of Directors have recommended a dividend of Rs. 1, that is 20% of face value per share for the Financial Year '24-'25.

I now hand over the call to Mr. Alpesh Porwal – our CFO, to discuss the financial performance. Thank you.

Alpesh Porwal:

Good afternoon, everybody. Moving to the consolidated performance of the Company for Q4 FY '25.

Revenue from operations for Q4 '25 was at Rs. 298 crores, an increase of 19.2% year-on-year compared to the corresponding quarter of the previous year. Gross profit for the quarter was Rs. 145 crores, which increased by 16% on year-on-year basis corresponding quarter of the previous year. Gross profit margin came in at 48.6%, down by 130 bps year-on-year. EBITDA for the quarter was Rs. 47 crores, margin was at 15.7%. Profit after tax for the quarter was at Rs. 31 crores, margins at 10.3%.

Moving to the FY '25 Results:

Consolidated performance of the company for FY '25:

Revenue from operations for FY '25 was Rs. 1,080 crores, an increase of 10.3% year-on-year. Gross profit for full year was Rs. 548 crores, which increased by 11.1% on year-on-year basis. Gross profit margin came in at 50.7%. The gross profit margin remained stable over the year. EBITDA for the full year was Rs. 185 crores, declining by 3% year-on-year. EBITDA margin was at 17.1%. Profit after tax for the period was at Rs. 119 crores, remaining stable year-on-year. Profit after tax margin for the year was at 11%.

On the qualitative front for the results:

The employee expenses and other expenses have increased at a higher pace compared to our revenue during the financial year. This was primarily due to an expanded employee team as we invest to build capability for accelerated growth in the upcoming financial year. Manufacturing expenses remained elevated on account of higher expenses due to job work and other related expenditures as we ramped up our workforce due to volume demand.

Utility expenses rose due to higher manufacturing activity as highlighted above. As a counterbalance, we have undertaken a major sustainable green initiative with installation of rooftop solar power projects at our manufacturing unit in Valsad and Daman, which on completion will be about 1.85 megawatts. We shall share with you all the accrued benefits of the Renewable Power project in the upcoming call.



Flair Writing Industries Limited
May 23, 2025

The total employee expenses for the year increased by Rs. 26 crores from Rs. 146 crores to Rs. 172 crores for the financial year, which is 18% increase year-on-year. Our growth this year has been significantly supported by continued investments in our people. We have strategically expanded our workforce, which is a critical pillar as we scale.

The expansion of workforce was undertaken across functional teams of sales and marketing, R&D, administration, etc. These steps align with our commitment to remain competitive in the talent market and to recognize the valuable contributions of our employees. Going forward, we are confident for these costs to normalize at the same levels and we should get benefit of operating leverage from '25-'26 onwards. Our working capital cycle has reduced by 33 days quarter-on-quarter to 113 days and has been lower compared to the average working capital cycle for FY '25.

First, the inventory days:

As a growth-oriented company, we constantly introduce new products in the market. Every new product launch is followed by a demand discovery and feedback phase, wherein during this period we must keep our inventory for those products at a certain level to be able to cater to the demand for our newly launched products. Post the market feedback, these inventory levels get adjusted based on inputs and forecasts of demand by our sales and marketing team, which completes the cycle of a new product launch.

On the debtors front:

Export sales and high share of mid-premium and premium products in sales contribute to a typically higher credit period. Our credit period in export sales ranges from 90 to 100 days. Thus given the nature of our operations, debtor days and inventory days have historically remained a little heightened and thus contribute to an overall larger working capital cycle. Going forward, we hope to optimize our working capital by increasing our payable days, rationalizing our inventory levels both at factory level and at product segment level. Overall, our efforts are towards reducing working capital cycle by 5-10 days for the coming year.

Our capital expenditure for FY '25 stood at Rs. 131 crores. We continued to invest in our fixed assets and expanded the base of operational assets with investments in plant and machinery and moulds. We envisage a CAPEX program of Rs. 80 crores to Rs. 90 crores in the next financial year for setting up a new unit in Valsad for writing instruments, fund CAPEX for our subsidiaries and for potential growth opportunities.

Now, on to the business segment highlights:

We achieved healthy year-on-year growth across all business segments.



*Flair Writing Industries Limited
May 23, 2025*

Own brand sales:

Our own brand sales have continued their strong upward trajectory with consistent growth across the domestic market. Overall, own brand sales grew by 18% year-on-year to Rs. 251 crores. For full year, this number stands at Rs. 940 crores, registering a 12% growth. Domestic market has been a constant source of strength and underscores the favorable market positioning of all our products.

OEM sales:

OEM sales showed strong momentum for the second consecutive quarter across both geographies with total quarterly OEM sales growing by 26% on a Y-o-Y basis. It pleases me to report that we are able to maintain the OEM contribution at Rs. 139 crores for the full financial year despite challenging market conditions.

Coming on to the product segments:

First the Pens business:

The Pens segment grew 8% year-on-year to Rs. 222 crores for Q4 FY '25. The segment also reported a 4% growth on full year basis to Rs. 828 crores, which was heartening to note given the stable performance during H1 FY '25. We are pleased to report impressive growth of 9% year-on-year in our Pens business in second half of financial year. Our robust performance in second half boosts our confidence on maintaining this growth trajectory for the upcoming years. During this year, we released 65 new Pens, of which 43 are targeted to mid-premium and premium segments and 22 new pens launched in price category of Rs. 10. We continued to execute our premiumization strategy with two-thirds of new releases geared towards the mid-premium and premium segments.

Creative segment:

The Creative segment achieved impressive growth of 48% year-on-year growth for Q4 FY '25 and 18% for FY '25. The revenue contribution stood at Rs. 48 crores for the quarter, that's Q4, and Rs. 171 crores for the full financial year. We expanded our product portfolio by introducing nine fresh offerings under the Creative range during the quarter and overall, 34 new products during the financial year.

We established a wholly owned subsidiary under the name of Monterosa Stationery Private Limited, which will cater to the business of distribution of Creative products of Maped. Maped is one of the biggest French stationery brands. It's a specialized stationery focused brand with a strong legacy and an extensive global footprint. Maped products will augment our mid-premium product segment and improve product basket within the Creative offerings.



*Flair Writing Industries Limited
May 23, 2025*

We also forayed into a strategic venture through incorporation of a step-down subsidiary called Flomax Stationery Private Limited. In this subsidiary, the company has partnered with other experienced industry partners to manufacture polymer pencils, wooden pencils, sharpeners, erasers, etc. The facility for this subsidiary is based out of Surat and an annual production capacity of 130 million pieces.

The existing expertise of both partners, shared manufacturing skills and deeper consumer knowledge will enable creating quality and innovative range of new stationery products, particularly aimed towards pencils. Pencil is one of the biggest product categories under writing instruments and we will now be addressing and servicing this category with a renewed focus. We have invested Rs. 14 crores in fixed assets with potential to generate revenue of 2x asset turnover within the first year itself.

Coming to Steel Bottles segment:

We continue to scale the Steel Bottles segment as the revenue contribution for the quarter increased by 74% year-on-year to Rs. 12 crores as compared to the corresponding quarter in the previous year. On full year, the segment generated sales worth Rs. 44 crores in revenue, providing us with substantial growth delta. During the year, we have added 30 new SKUs, more than doubling our existing SKU count, which now stands at 52 SKUs for the financial year. And we look towards two key levers for growth in the business, expanding portfolio and increasing distribution reach in the general trade as well.

Our outlook on the upcoming year remains quite optimistic with aspirations of broad-based growth across all segments. This would be driven by new product launches, enhanced manufacturing capabilities, and efficient distribution for effective granular reach. The capacity addition of 0.2 billion pieces will operationalize in the next financial year. This 10% rise in installed capacity and given typical capacity utilization levels in the business, which is a 7% to 7.5% increase in effective capacity will be a key lever for growth within the writing instrument segment. We will also actively scout opportunities for increasing our export sales.

We remain steadfast to our core strategies for sustainable growth. These include:

1. Innovation and feedback driven portfolio expansion, addressing market requirements across price points.
2. Deepening distribution throughput from our existing network.
3. Exploring partnerships and new avenues for growth.
4. Focusing on quality operations with a greater share of in-house manufacturing.
5. Concentrated efforts for successful execution of premiumization policy.

Thank you. And I request the moderator to open the floor for question-and-answer session.



*Flair Writing Industries Limited
May 23, 2025*

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shraddha Saurabh Kapadia from SMIFS. Please proceed.

Shraddha Kapadia: Hello. Yes, sure. Thank you for the opportunity. So I have a few questions. So firstly, what is the domestic and export mix for the current quarter and the full FY? And in the past, the management had mentioned the plans to enhance the in-house manufacturing. So, how should we think about EBITDA going forward in light of this? Additionally, are there any key levers expected to drive the EBITDA margin improvement in the coming quarter?

Mohit Rathod: Yes. So, answering your first one, which is about the revenue from operations. So, in Q4 the domestic top-line was at Rs. 240 crores, which was up by 27% in the corresponding quarter of '24 and the export revenue was at Rs. 58 crores, which was lower by 5% compared to last year Q4. And the overall revenue grew by 19% at Rs. 298 crores compared to Rs. 250 crores in corresponding quarter of '24. And when we talk about the overall yearly revenue, the domestic revenue increased by 13% to almost Rs. 900 crores and export revenue was at Rs. 182 crores, which was stable compared to last year, and overall revenue grew by 10%, which is at Rs. 1,080 crores.

And which was the other question, Shraddha?

Shraddha Kapadia: Sir, you have mentioned the plans to enhance the in-house manufacturing. So, how should we think about the EBITDA going forward? Additionally, are there any key levers which are expected to drive the EBITDA margin improvement in the coming quarter?

Alpesh Porwal: Hi. So, yes, the increase in capital expenditure, CAPEX which you are talking about, is closely linked to our strategy for driving future EBITDA growth, though, it's important to understand the timeline and nature of these investments. Currently, 70% of our Creatives are now produced within our in-house manufacturing facility, marking a strong step towards backward integration. This has been due to constant efforts and focus towards realizing the same.

As we continue to scale the capacity and efficiency of this in-house setup, we expect to see gradual improvement in margins from this segment. The strategic benefit of backward integration lies in our ability to gain tighter controls over production costs, improve quality, consistency, reduce reliance on third-party vendors and streamline our supply chain operations. So, as we expand our in-house capabilities, we anticipate lower per unit costs, faster turnaround times from ideation to commercialization and greater flexibility in responding to market demands.

So, over time, with increased volumes and optimized resource utilization, we are confident that Creatives segment here, for example, will increase its margins across products. This transition not only enhances profitability but also strengthens our overall competitive position by ensuring that we retain more value across the entire production and distribution cycle. So in essence,



Flair Writing Industries Limited
May 23, 2025

expanding in-house manufacturing is just not a cost-saving measure, it's a strategic enabler that positions us for long-term sustainable growth and improved EBITDA performance.

Secondly, one more thing, the rising share of mid-premium and premium products in our Pens category, which attracts higher margins, is expected to have a direct and positive impact on our EBITDA margins. These products typically offer better pricing power and contribute a higher gross profit per unit sold compared to the mass market offerings which we have. So as their proportion in our overall sales mix grows, the blended margin improves, leading to enhanced operating leverage.

Since many of the fixed assets costs related to manufacturing, distribution and administration will now remain constant, which I mentioned earlier in my opening speech also, that we see this has reached its levels and plan to continue at the same levels going forward. Since it will remain constant, the higher revenue contributions from these premium segment scales more efficiently, allowing us to retain more of every rupee earned at the EBITDA level.

Shraddha Kapadia:

Yes. Thanks for the answer. Sir, I also wanted to understand that is the company still targeting the EBITDA margin of 19% to 20%, or is there a revision to that? And also, if you could give a basic guidance in terms of the revenue for the future, that could be great.

Alpesh Porwal:

So, Shraddha, as we grow now we are investing, as I explained to you. And we are investing in CAPEX, we are investing in human capital, plant and machinery. There is lot of backward integration going, new products being launched. And hence, the number of new products you will see where we have grown, for example, from Creatives, in-house manufacturing has gone up, which we were doing at 40% - 45% is now up to 70%.

So all these investments will start paying off after one or two quarters of in-house manufacturing. And hence, the EBITDA levels which we say today will improve marginally or may be little more in the coming quarters. However, two years down the line where we say that keeping everything constant, and which is not going to happen, that we are not going to have additional segments or more investments. If everything remains constant in this way that the growth rate at which we are going, we will go back to the EBITDA levels of earlier levels.

Shraddha Kapadia:

Sure. Thank you so much. I will fall back in the queue for other questions.

Mohit Rathod:

Thank you.

Alpesh Porwal:

Thank you.

Moderator:

Thank you. The next question is from the line of Atul Mehra from Motilal Oswal. Please proceed.



Flair Writing Industries Limited
May 23, 2025

Atul Mehra: Yes. Hi, team. Good afternoon, and thanks for the opportunity. My question is about top-line growth. So, as you head into the current financial year, what are the various levers you see on top-line growth? And what should be the expectation for the current financial year in terms of growth that you are targeting internally?

Mohit Rathod: Yes. Hi, Atul. So, we are sticking to our overall target of 15% to 16% growth in the coming year with growth coming from all three divisions, which is Pens, which we are targeting about 10%, because if you look at the second half of the year '25, we have almost grown by 9% to 10% in Q3 and Q4 as well. So, keeping that momentum going forward, we are very confident that 10% growth is achievable in the coming year.

As far as Creatives is concerned, there were a few hiccups in H1, which we overcame in Q3, and Q4 was much better in terms of sales because a lot of products we started making in-house and those projects which we are launching one by one are giving us the fruits. So, going forward also we are expecting at least 40% growth in this division alone from the coming year. And also, to accelerate the growth in Creative, the main reason why we invested in Flomaxe was to help us in Creative for better growth in terms of the basic range of pencils, polymer pencils, wooden pencils, erasers, sharpeners, which will help us to accelerate the growth in Creatives.

And when it comes to bottles, of course, we have grown to the level of Rs. 44 crores in last year. Coming year as well we will keep the momentum. And a lot of verticals within the Bottles segment are coming up in this quarter and Q2, where growth will further accelerate. And we are very confident to cross about 50% growth in Steel Bottles segment as well. So overall, it will be around 15% to 16% growth year-on-year.

Alpesh Porwal: Yes. Just to add to what Mohit said now, as our steel bottle segment began scaling meaningfully over the past financial year, I am pleased to share that it has now turned EBITDA positive, a significant milestone in its growth journey. So this turnaround marks the transition of the segment from an investment-heavy phase to the one that is now contributing positively to the company's operating profitability.

Atul Mehra: Got it. Thanks for that. Secondly, in terms of EBITDA margins, say, for the current financial year, would it be safe to assume that it would be accretive given large part of OpEx investments have been already made? So 17.1% where we ended the current financial year at versus the 19.5% the previous year, would it be safe to assume that we would see an expansion? Maybe not to the fullest quantum that could be achieved maybe over two, three years, but from here on, margins should be on the higher side versus where we ended?

Alpesh Porwal: Yes. Certainly all our calculations also point towards the same thing. We have planned out and the numbers will certainly go up. Like I put up earlier also, I would not like to use the word plateaued, but yes, we have reached at the peak of all our expenses when it comes to investment



Flair Writing Industries Limited
May 23, 2025

in manpower and other expenses, so we have plateaued out there. Now, this is just an accretion out here. Any additional rupee earned will be added to the EBITDA numbers.

Atul Mehra: Got it. Sure. Thank you, and all the best.

Alpesh Porwal: Just to complete the answer that it is accretive, yes, it will be accretive.

Atul Mehra: It will be accretive. And one final question, if I may, on the working capital side. So, this financial year there has been a slight increase in working capital days, so what is the outlook for that in FY '26?

Alpesh Porwal: So, working capital, what we see out here is, this year also we have improved on the working capital front, like on quarter-on-quarter, if I say, from 146 days to 113 days is where we moved. And our endeavor out here is in the next financial year we improve this further by around 10 days. Given the nature of our business and our credit policies in the industry, 10 days would be a good improvement in the coming year.

Atul Mehra: 10 days. Yes. All right. Thank you, and all the best. Thanks.

Mohit Rathod: Thank you.

Alpesh Porwal: Thank you.

Moderator: Thank you. The next question is from the line of Jaiveer Shekhawat from Ambit Capital. Please proceed.

Jaiveer Shekhawat: Sure. Thanks. And congratulations, team, for crossing Rs. 1,000 crores milestone. I think I just want more clarity on the margin side. So the decline that we see on the gross margin side on both the Y-o-Y and Q-o-Q basis, is that also in part, because you might have increased your trade margins for Pens in order to counter off the competition, because you have also seen your competitor has aggressively scaled up in Pens. And also, what will be your strategy to protect and grow your market share here? That will be my first question.

Mohit Rathod: Yes. So to answer that, I would say, it's more to do with the product mix what we have sold in Q4. As we mentioned earlier, we have launched about 22 products in the entire year in mass segment, and particularly Rs. 10 segment which is doing exceptionally well for us. And also, you can say, as we have re-entered in the Rs. 5 segment, we have launched five to six models in that category as well, and it's just picking up. So if we see overall Pen as a category, our volume has gone up by 9%, which is a positive sign in terms of market share what we have taken from others. And at the same time, it's going to continue the same momentum going forward. Also, as far as the Hauser XO, which is also a Rs. 10 price point is now I think one of the largest selling



Flair Writing Industries Limited
May 23, 2025

product in Pens at Rs. 10 segment in India. So also to do with that, there's a little contribution coming from that as well in Pens.

Jaiveer Shekhawat: So what I understand is, because you have also re-entered into the Rs. 5 price point, that has also contracted some of your margin. So, how large do you expect that segment to be out of, let's say, the Rs. 900 crores of revenues that you are targeting next year from Pens?

Mohit Rathod: So we are targeting not more than 5%. So we are going to restrict ourselves to 5% in that category, not grow further.

Jaiveer Shekhawat: Sure. On the Steel Bottles side, I mean, if I see quarterly revenue run rate that has been flat over the last three quarters at around Rs. 12 crores, Rs. 13 crores per quarter. So have there been any challenges either probably from the government side or possibly in terms of reception of your product in the market? And then, of course, you have already guided for the outlook but seems somewhat reduced versus the earlier guidance. So any challenges there?

Sumit Rathod: So, no, there are no major challenges. In fact, if you see, there's been a drastic increase as compared to last year. And even for the coming period, in the last quarter we have launched almost 30 new products, for which the momentum majorly into the domestic and the MT and the e-commerce market will show in the coming quarters. And also now that we have stabilized the distribution network to almost 55 distributors, that will help us penetrate in these particular segments.

Jaiveer Shekhawat: Sure. My last question is on your OEM business. So it seems like there is a good pickup that has happened, so if you could help me understand what has happened there? And then how has been the pickup across both domestic and exports?

Mohit Rathod: So overall, OEM business compared to last year has been stable at Rs. 139 crores, where in export we have seen a rise of almost 9% because of the demand coming back globally. And at the same time, domestic, the sales have gone down by 9%. So more or less, we are stable, and going forward also this looks to be stable and exports will grow further in OEM business.

Jaiveer Shekhawat: So this 4Q, I mean, should I call the growth that you have seen in 4Q on a Y-o-Y basis, is that more of an aberration? And you expect this OEM business to remain stable, is that understanding right?

Mohit Rathod: Yes.

Sumit Rathod: Primarily in export, because domestic we do not consider any major increase coming from that segment we were dealing with. But export is increasing in the OEM business.



*Flair Writing Industries Limited
May 23, 2025*

- Jaiveer Shekhawat:** I mean, are there any geographies, particularly, let's say, Africa, Middle East countries or US? I mean, I understand you also do business with Newell. But any specific geographies, which are doing well or is it largely Newell?
- Mohit Rathod:** So it's majorly US and South American market.
- Sumit Rathod:** And Latin America.
- Jaiveer Shekhawat:** Understood. Thank you so much, and all the best.
- Mohit Rathod:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sneha Talreja from Nuvama. Please proceed.
- Sneha Talreja:** Hi. Good afternoon, team. Just a couple of questions from my end. I think largely in extension to the previous participant's question, we have seen a sharp jump in OEM this time, both in our own brand business as well as export OEMs. What's the most sustainable number, sure, of own brands and, I mean, on the export OEM front?
- Mohit Rathod:** Yes. Hi, Sneha. So going forward, when we talk about OEM, exports OEM is, as I mentioned earlier, it is going to grow further. Whereas the domestic, we do not see any growth happening there. But overall, the OEM is going to be at the current level where we are.
- Sneha Talreja:** So this quarter's increase of domestic OEM, we can see that coming back to the original level?
- Mohit Rathod:** That's very, very nominal. If you see it's only a few crores, it's not much, it's only Rs. 6 crores, Rs. 7 crores. So looking at the overall, yes, of course, in percentage it looks bigger, but overall number-wise it's not that great.
- Sneha Talreja:** Understood. Secondly on the Steel Bottles business also, we have seen roughly around run rate of about Rs. 12-odd crores for consecutive three quarters now. And of course, we are building around 40% to 50% growth is what I think you mentioned for next year, 50%, what would likely lead to that? And is there any seasonality that we have been seeing that from the second half of the year? And do we start seeing it from the next quarter itself? So what are you doing basically to achieve that 50% odd growth number here?
- Sumit Rathod:** Yes. So there are multiple things that we are doing in this particular category. We have, like I mentioned earlier, we have increased the number of SKUs, which more or less in the Q1 and Q2 will start showing penetration in the domestic front in all the categories such as GT, ecomm, MT and also a little bit in the quick commerce. Going forward, we are also adding a couple of other categories in this particular segment to help us achieve that 50% growth target that we are aiming



Flair Writing Industries Limited
May 23, 2025

for. So overall, with the stabilized distribution network, I think we are quite confident with the range that we are adding that we will be able to achieve that number.

Sneha Talreja: Understood. And especially in the own brand domestic sales number, if I take your own branded business and reduce your Creatives and the Steel Bottles part, the growth is actually not very meaningful. What can actually lead to your own branded domestic pie of pens business growing? I mean, what something, which has been a challenge here in case you can speak about the challenge? And what can lead to growth coming back here?

Mohit Rathod: Yes. So, if you see overall, there's no major challenge as we mentioned earlier that we have grown in terms of volumes by almost 9%. Overall if you see Q3 and Q4, the Pen as a category we have grown at the rate of 10%, which is majorly because of the domestic sales. So it is picking up. H1 was a little sluggish, but H2 has changed, and I think the momentum is going to continue in the coming year as well.

Sneha Talreja: Understood. And on the margin front, if I am not wrong, you have said that anything over and above 17% is what you are looking for FY '26. Is my understanding correct there?

Sumit Rathod: Yes, with all the economies of scale coming in from the capacity increase and the operating leverage that has been just explained by the CFO, this should be further going up from the last number.

Sneha Talreja: But the original 18%-19% levels will only come back in the next, how many years, I mean?

Alpesh Porwal: We should be there by the end of say next financial year, which is '26-'27. However, I said it can also come in prior to that. But by the end of next financial year, we will be there. Looking at the current scenario and the investments in the kind of segments which we are in and the products which we have introduced.

Sneha Talreja: Understood. Point noted. Thanks a lot, team, and all the very best.

Alpesh Porwal: Thank you.

Moderator: Thank you. The next question is from the line of Resha Mehta from GreenEdge Wealth Services. Please proceed.

Resha Mehta: Yes. Thank you, team. So clearly, the high growth is coming at the cost of deteriorating working capital as well as the margins, right? So, sir, just wanted to understand on the margin side, right, that whatever investments in terms of adding people to R&D, sales and marketing, all of that has happened necessarily only on the new categories, Creatives and bottles, or has it happened even for Pens?



Flair Writing Industries Limited
May 23, 2025

- Mohit Rathod:** So it's all across, it's all across even for writing instruments because since we are targeting almost 10% growth, to achieve that number we have added in all the categories.
- Resha Mehta:** And what would be the capacity utilization for our Creatives and bottle plants?
- Sumit Rathod:** So for the Creative range, as you know, we have increased the in-house capacity, earlier the trading that we used to do from third-party, now we have increased the in-house capacity to almost 70% of the goods being manufactured in-house. And for the steel bottle, like we had said that still the capacity and overall turnover is still a long way to go, but currently, we are achieving almost 40% of the capacity.
- Resha Mehta:** Okay. So that's at 40%, and what can be the optimum utilization level here?
- Sumit Rathod:** So it can range in the range of 75% to 80%.
- Resha Mehta:** And sorry, I did not get the utilization for the Creative.
- Sumit Rathod:** 75% to 80% utilization can be optimum. And if you talk about in terms of revenue, this capacity can take us in the range of Rs. 120 crores approximately.
- Resha Mehta:** Right. And the Creatives, what is the current capacity utilization? I understood that 70% is in-house sourcing, but what would be our capacity utilization for Creatives?
- Mohit Rathod:** So all the new capacity is fully utilized, so it's going to increase further. So, it takes time since the installed capacity is, say, 100%, so gradually it's increasing. But yes, it's almost about 70% utilized and going forward also this is going to continue to at least 75% to 80%.
- Alpesh Porwal:** So, our endeavor has always been, and our experience has been that it peaks up at 75% to 80%. And what Mohit just mentioned was that the new CAPEX, which we are doing gradually goes up and peaks up to those levels going forward.
- Resha Mehta:** Right. And also, can you just break down the Rs. 135 crores CAPEX that we did? It was for which segment? How much has that enhanced our capacity by across different segments?
- Alpesh Porwal:** So, segment-wise, I will tell you, the additions during the year, breakup of Rs. 131 crores, majorly it is into buildings, plant and machinery and molds and the other expense is electrical resources.
- Resha Mehta:** Yes, but this is of which category?
- Mohit Rathod:** Yes, Rs. 110 crores is only in buildings, plant, machinery and molds. Out of which almost 60% of the investment is done on Creative front, where also we need to consider that most of the



Flair Writing Industries Limited
May 23, 2025

capacity what we are building are fungible. The machines can be used for both, for writing instruments as well as Creative division.

Resha Mehta: Okay. And the balance of 40% of Rs. 135 crores, that's into more like?

Mohit Rathod: That is mainly into writing instruments.

Resha Mehta: Okay. And the Rs. 80 crores, Rs. 90 crores CAPEX that we are planning for the current financial year, that would be in which category?

Alpesh Porwal: That will be primarily new building, which is under construction, that will take about Rs. 51 crores, and plant and machinery will be about Rs. Rs. 24 crores, Rs. 25 crores.

Resha Mehta: So, this is a Valsad unit, right?

Alpesh Porwal: Yes.

Mohit Rathod: Yes.

Resha Mehta: And what are we planning to manufacture here?

Mohit Rathod: Both, both Creative and writing instruments.

Resha Mehta: So, basically the Creative and writing instruments are fungible in terms of their capacities.

Mohit Rathod: Yes, right.

Resha Mehta: Okay. Because we continue with our CAPEX, right, and our investments with the Rs. 80 crores, Rs. 90 crores CAPEX that we are going to be doing this year, which effectively means that we will probably have to make further investments, even in terms of people and some additional overheads, right? So, the path to expanding our EBITDA margin, so when you said you will essentially see an uptick from here, so when you mean here, do you mean the quarterly 15.7% margins that we did, or do you mean the full financial year margins that we did, 17%?

Sumit Rathod: So see, it will be from a full financial year angle. But also when you talk about the investments, major part of the investment in terms of the manpower are more or less like Alpesh mentioned, it's already peaked in that department. But the major investment that, which will come in the near future will more be guided towards automation and the new category addition in terms of increasing the product range.

Resha Mehta: Right. But I mean, as we proceed Quarter 1, Quarter 2, basically we will see an uptick from the margins from the current level of 15.7%?



Flair Writing Industries Limited
May 23, 2025

- Sumit Rathod:** Yes. So I would say more or less you will see more in H1 and H2 comparison rather than just Quarter 1, because lot of these categories we have just invested recently. So till they get installed and they come to its full-grown production cycle, so I think a more fair comparison will be from H1 to H2 comparatively.
- Resha Mehta:** But if we are close to the optimum capacity utilization in Creatives, and bottles is a small part, right, and bottles we have achieved EBITDA breakeven, which means Creatives is still not EBITDA positive?
- Alpesh Porwal:** No, Creatives are positive, bottles was a specific case, which we mentioned that it has turned EBITDA positive now considering the investment which we made earlier. So that has become EBITDA positive. Creatives, we have always remained positive.
- Sumit Rathod:** Creatives has been long EBITDA positive. And with the in-house manufacturing, the EBITDA margins only will increase over a next two, three quarters, as we see with more and more in-house manufacturing now getting into operationalization.
- Alpesh Porwal:** And just to add, because you made a statement about capacity utilization that we have reached 70%, there is still scope for the new machineries, the new machineries and moulds which we bought for new range, we still have the space to grow out here because we have still not reached the optimum level of capacity utilization.
- Sumit Rathod:** Even if you see from the angle of Flomaxe investment, which is just a recent one, I think that whole capacity will also add to the Creative range in terms of production and top-line, and also the Maped.
- Resha Mehta:** And so the next three years' growth --
- Moderator:** Sorry to interrupt, ma'am, may we request you to return to the question queue for your follow-up questions, as we have several other participants waiting?
- Resha Mehta:** Sure.
- Moderator:** Thank you. The next question is from the line of Aradhana Jain with B&K Securities. Please proceed.
- Aradhana Jain:** Hi. Thank you for the opportunity. A couple of questions. First, on the Steel Bottles. The 50% growth that we are expecting in FY '26, that is going to come entirely from domestic consumption, or are you also planning to do export? And where are we on the export side?
- Sumit Rathod:** So definitely it will be a combination of both where the major contributor will still be the domestic front, but we have already started initiating certain areas for the export market as well.



*Flair Writing Industries Limited
May 23, 2025*

Because I think in the long-term perspective, we would like to grow our brand in this particular segment even in the export market.

Aradhana Jain: Okay. So the 50% growth we are considering both, domestic and export?

Sumit Rathod: Yes, it will be a combination, yes, but major concentration is still the domestic, but there is a large way to go.

Aradhana Jain: Okay. And second on the mechanical pencils. Is the supply constraint issue over? Are we able to now supply the pencils across pan India or where are we on that?

Mohit Rathod: So, we have not launched pan India as yet. But yes, in coming months we will be gradually increasing slowly, slowly and catering to the entire demand what has been there in the market. So we are scaling up production. So it's going to take another couple of months till we reach the level where we would be able to suffice the demand.

Aradhana Jain: Okay. And in the Creative segment, how much of the revenue contribution is currently coming from Disney? And going forward, from Maped and Disney and mechanical pencils, any color as to how much revenue contribution do we expect? And what is the major contributor in the Creative segment?

Mohit Rathod: So, in Disney we have launched only a couple of products, which are mainly to do with the kits for gifting. So we do not have a separate revenue breakup as such. But yes, going forward, we are adding few more products in Disney range in different verticals like geo boxes and kits, of course, more new kits and also some basic coloring range for students. And when we talk about Maped, yes, it's just started. The business is going to be starting only in next two to three months, although we have started distribution in a few states of Maped.

Aradhana Jain: And in terms of margins, across all your categories the margins would be similar, right? Be it Pens, Creative, any of the Creative products or Steel Bottles, or is there some bit of margin differential?

Alpesh Porwal: So mostly the margins are same. So within the segment there can be a complementary or a supplementary product which we work out with, but the overall margin for that group or a batch would also remain the same. And at segment level, obviously, we aim to get to the same margins.

Sumit Rathod: So just to add to what Alpesh has said is that the writing instrument and the Creatives margins have to actually come around the same levels because the production facilities are the same. And with in-house manufacturing, the margin accretion will definitely happen. On the Steel Bottles, it will gradually come to that level of the company level average.



Flair Writing Industries Limited
May 23, 2025

- Aradhana Jain:** Okay. And are we planning to also increase our export contribution going forward, or it's expected to be in the current level?
- Mohit Rathod:** No, no, of course, export is going to grow. We are expecting export to grow in double-digits in the coming years.
- Aradhana Jain:** So the contribution of export, which currently would be at around 18% to 20% going forward for the next two, three years, would it be in the similar range, or should that continue?
- Mohit Rathod:** It's going to be in the similar range.
- Sumit Rathod:** Well, the combination will be similar, but year-on-year export growth we expect to grow over the normal average, we are speaking of 15% overall company guidance. Export should do little better than that in the current year.
- Aradhana Jain:** And the margin for exports, how much delta is there vis-à-vis domestic?
- Mohit Rathod:** So it's more or less the same because as we do not have a separate balance sheet for domestic or export, but looking at the prices and what we are selling, it's more or less the same at similar level.
- Aradhana Jain:** Got it. Thank you so much. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Hitesh Parmar from Sharekhan Limited. Please proceed.
- Hitesh Parmar:** Ma'am, my all the confusion has been cleared. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Megh Shah from Prospero Tree Asset Management. Please proceed.
- Megh Shah:** Hello. Thanks for the opportunity. Sir, my question is very simple. Sir, this year our revenue grew by Rs. 100 crores and the GP is average 50% to 51%, so we are making a gross profit of Rs. 50 crores. But at the same time, our employee cost increased by Rs. 26 crores and other expense by Rs. 36 crores. The sum of these two expense is Rs. 62 crores. So we are losing at EBITDA level by Rs. 8 crores to Rs. 10 crores. So, generally, the growth in the revenue generates higher profit at the EBITDA level, but in this case EBITDA has degrown. I understand that we are increasing our staff strength to expand our position, but when the EBITDA growth will be higher than the revenue growth? I want to understand that thing.
- Sumit Rathod:** Basically, it is about the operating leverage. As we have invested in the manpower, for example, in the sales team alone we have increased about 160 people. On the workforce level there has been lot of rationalization, including bringing contract labor into the mainstream, lot of other



Flair Writing Industries Limited
May 23, 2025

costs, all that has happened in the last quarter. So this will give a positive effect in the coming quarters. So, if you want a very detailed explanation, you can write to our CFO, he can take care of it.

Megh Shah: No, no, I understand that. I understand that you have increased the workforce and contract labors are converted into the permanent employee or whatever it is. But should I expect that in the future, the revenue growth will lead to higher EBITDA growth?

Sumit Rathod: Yes, absolutely.

Megh Shah: See, because we consider that, or anybody can consider that the salary is a fixed cost and that will remain the same and our revenue will not grow, then it will impact our EBITDA also. In our case, currently the EBITDA degrew because we have increased our workforce in anticipation of higher revenue growth. And in the future, I expect that the company is thinking that the revenue will grow faster than the cost increase, is this correct understanding?

Alpesh Porwal: Yes, yes, we agree with you on this. So what has happened is the investment is for the future. When we invest in people, we invest in facilities, this is all investment for future. And like you rightly said, any incremental revenue will be more than the incremental cost which we will incur in future. So hence, EBITDA will start improving on that front.

Megh Shah: So, more or less the employee cost will remain flat for atleast next one to two years?

Alpesh Porwal: One to two years is something, which we cannot commit today. But yes, looking forward for the next couple of quarters, we see it as flat. Unless we have a change in our plans to kind of introduce new products, new facilities, new things, something which changes will be. But yes, the incremental revenue will be more than the incremental.

Sumit Rathod: In fact, the contribution to the EBITDA margin will outpace the growth which we have seen already in this segment.

Megh Shah: Rightly. Okay, sir. So, for next quarter, there will be EBITDA growth higher than revenue growth?

Sumit Rathod: Yes.

Megh Shah: Okay. Thanks. Thanks. Thank you.

Sumit Rathod: We are talking about next few quarters, the operating leverage takes time to accrue, it will come over the few quarters.



Flair Writing Industries Limited
May 23, 2025

- Megh Shah:** But does the company has any policy of incentivizing the employee, which generate the higher business for the company? Or it is a fixed model, fixed salary model irrespective of their performance?
- Mohit Rathod:** No, we do have incentives placed for the employees.
- Sumit Rathod:** For the sales and marketing.
- Megh Shah:** Yes, because in many pharmaceutical company provide the incentive to their MRs and the MRs who generate the higher business are incentivized. So in our case, suppose we have increased our sales work force, then there should be something like that, otherwise our fixed cost will remain fixed.
- Mohit Rathod:** Right, right, right. No, no, so we have incentives in place.
- Megh Shah:** Okay, sir. Thanks.
- Moderator:** Thank you. The next question is from the line of Sahil Doshi from Thinqwise. Please proceed.
- Sahil Doshi:** Good afternoon, sir. Thank you for the opportunity. Just one first clarification. When you said Pens volume growth is 9%, this is for the full year, right, sir?
- Mohit Rathod:** Yes, for the full year.
- Sahil Doshi:** So that essentially means our realization has degrown by 4% and we have seen a volume growth of around 27% in Q4. Is that understanding correct?
- Mohit Rathod:** Right.
- Sahil Doshi:** Okay. So just, is this the inference, why the gross margins have come off in this quarter? Could you just throw a little more light on what is the reason for the reduction in gross margins? And incrementally, as we enter the Rs. 5 and Rs. 10 category, the realization trends, is it fair to assume that we will see a similar kind of realization trend and possibly there could be pressure on our gross margins?
- Mohit Rathod:** So, as you know, we discussed earlier, it was mainly in Q4, due to the product mix, what we have sold during that period. Of course, when we talk about Hauser product XO, which is doing exceptionally well, it is priced at Rs. 10. So we have seen a considerable quantity increase in that. Other than that, also the other Rs. 10 products, which we have launched in the last two quarters, we have seen a significant growth of that range. That's the reason why, we have seen an increase of 9% quantity growth.



*Flair Writing Industries Limited
May 23, 2025*

- Sumit Rathod:** So in the coming quarters, as Mohit earlier also explained, that we are going to keep the Rs. 5 category around 5% of the overall. So the major part of the sale will be, again focus, almost 45 products of the 65 we launched were in the mid-premium, premium. So those benefits will continue to grow in the coming quarters.
- Sahil Doshi:** Sir, just could you possibly help elaborate a little better, because what we have seen is the gross margin used to be (+50%) and in Q2, Q3 was 52%, 53%. In this quarter, we have seen a sharp reduction. So I am just trying to understand why has this happened. And if you can quantify what is the mix of Rs. 5 Pen in this quarter?
- Alpesh Porwal:** So if I were to give you one example over here, which is a major contributor over here. In case of gross margin, we have also launched a lot of new products this time, introduced new products in-house manufacturing and that has led to, we kind of come, we stabilize, every production process stabilizes over a period of one or two or three quarters depending on the complexity of the product.
- The last quarter has seen a lot of new in-house manufacturing processes being introduced in our company and hence, this stabilizes where you will see the impact, again, the numbers going back to the previous consumption levels in the coming quarter. See, the strategic benefit of backward integration lies in our ability to gain tighter control over production costs, improve quality consistency. And that is what as we expand our in-house capabilities, we anticipate lower per unit cost, faster turnaround times and from ideation to commercialization and greater flexibility in responding to market demands.
- Sumit Rathod:** So that should bring back to the margins here.
- Sahil Doshi:** Okay. So see, next two years at least we are on a growth trajectory where we are adding new products and in Creatives and Pens as well as Steel Bottles. So, do not you think a similar scenario will be there? So, what gives us the confidence that gross margin should improve?
- Alpesh Porwal:** So what has happened, as you know, for example, Creative, we were doing only 40% in-house. Now, the number has gone up to 70%. So when we are already making 70% and when we kind of reach the peak of capacity utilization and also in terms of manufacturing cycle, we will see that this starts giving us the kind of margins which we expect from our other established range of products. So that is what will add on to my incremental profitability. And like you said, you are right in one other part that we are going to continuously innovate new products. This cost of innovation of new products and introduction of new products is already factored into our entire margins, which we calculate.
- Sahil Doshi:** Okay. Sure. On the other side, on the employee cost, I understand there has been a 16% increase in the headcount. So now that there is no more increase, at what rate, what absolute number do you think you will be working with for the next two years if you can quantify this?



Flair Writing Industries Limited
May 23, 2025

- Sumit Rathod:** It will be difficult to quantify at this level, but steady increase, which normally goes into the employee cost will always be there in terms of inflation adjustment, increments, which we do year-on-year. Otherwise in terms of adding of the workforce is more or less has been done to get to the level of growth for next two years we are there, and we will continue to do marginal increase in both sales and the team as we grow further as the need arises.
- Alpesh Porwal:** Increase is primarily driven by three key areas, workforce expansion, inflation-adjusted compensation, and ongoing talent retention initiatives. We can say we have control now and we are sure about numbers on workforce expansion, and we cannot do away with the inflation-adjusted compensation and talent retention initiatives either. So to put a number today, fix a number today and say, this is going to be the number will be difficult, but more or less, there would not be a sharp increase because of expansion of workforce.
- Sahil Doshi:** Okay. Got it. And on the other expenses, you mentioned about the solar. So, could you just quantify what is our power cost today? And what kind of benefits could possibly accrue?
- Alpesh Porwal:** Yes. This being installed as we move forward. So the total capacity between Daman and Silvassa we have done installation of 1.85 megawatts. And see, we anticipate these initiatives to begin delivering measurable savings in the coming year, which we will be able to share as we move forward.
- Sumit Rathod:** As we move forward, yes.
- Sahil Doshi:** Okay, sir. Thank you so much, and best wishes to the team. Thank you.
- Sumit Rathod:** Thank you.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please proceed.
- Naitik Mutha:** Hi, sir. Thanks for taking my question. Sir, my first question is, can you call out the split between in our Steel Bottles, the split between branded and private label that we are doing currently?
- Mohit Rathod:** So the business what we have done last year is 95% is in our own brand.
- Naitik Mutha:** Right. And sir, my second question is regarding our receivable days, we have seen it increase. So I just wanted to understand is it because of the newer products that we have launched, we sort of have to incentivize by giving higher credit?
- Mohit Rathod:** Sorry, come again, please?
- Naitik Mutha:** So my question is, we have seen our receivable days increase compared to last year. So just wanted to understand, is that increase due to there are newer products that we have launched, and we have to sort of give higher credit period for those products?



Flair Writing Industries Limited
May 23, 2025

- Alpesh Porwal:** See, many times we have to kind of give additional credit when we are trying to penetrate the market. Introduction of new products has two impacts. One is in terms of credit, which we give to and also the discounts, which we give. Because of the high competition, many times if it is a unique product, then it's a different story altogether where there is a kind of a monopolistic, which is not monopoly, but kind of situation we are in.
- So as we introduce new products, just to test the waters, just to kind of create the market and understand the market, sometimes we have to give extra credit. If you see tomorrow, if we are buying, manufacturing shirts of a different brand and you go to the market and you say, that okay, why do not you house my shirts, you will give some kind of credit for some new entrants since you are a new entrant in that category.
- Naitik Mutha:** Got it, sir. And we expect this to normalize, say, in coming years?
- Alpesh Porwal:** Yes, these are an ongoing basis, which we see where we at times have to give more credit when we introduce new products. But if you see the numbers this time also, quarter-on-quarter, we are improving, and we will control this thing. We will monetize.
- Naitik Mutha:** Got it. Sir, my next question is regarding Flomaxe. So Flomaxe, I just wanted to understand, is there any revenue contribution right now coming from Flomaxe? And if we are integrating, will it be full integration?
- Alpesh Porwal:** So it's marginal revenue. So we started Flomaxe in the last quarter. And since it's a Brownfield project, there is marginal revenue which is coming. This year, we should see good numbers coming from this initiative, which we are doing.
- Sumit Rathod:** As we mentioned that, we had total investment is about Rs. 15 crores and it should give about 2x of the fixed assets in the current year from this segment, which will add to the overall Creatives.
- Naitik Mutha:** Overall Creative. And we own 51% of this?
- Sumit Rathod:** Yes, yes.
- Alpesh Porwal:** Yes.
- Naitik Mutha:** Got it. Got it. Sir, just my last question, if you could call out the volume number of Pens for the full year.
- Mohit Rathod:** Yes, for the Pens for the full year.
- Naitik Mutha:** Yes, yes.



Flair Writing Industries Limited
May 23, 2025

- Mohit Rathod:** So in terms of value or in terms of volume?
- Naitik Mutha:** Volume, volume sir, volume.
- Mohit Rathod:** So volume this year, we have sold almost about 155 crores pieces.
- Naitik Mutha:** Got it. That's very helpful. Thank you. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Ashok Shah from Eklavya Invesco Family Office. You may proceed.
- Ashok Shah:** Thank you for taking my question. Sir, we are restructuring to reduce the employee cost, we are replacing employee by robots. So, can you throw some light on it? How many employees are currently, if one employee is handling three machines or four machines and what the robot will be doing, how much cost saving we are going to get? And we are also ordering further new robots?
- Sumit Rathod:** So when we talk about semi-automation, automation is not only in terms of robots, but also in terms of certain products that we recently brought in-house. And as it scales up to the scope of mass volume, we convert those products into machine manufacturing. So when we say automation, it's a combination of both. So it is not one-on-one parity between robot or a machine to manpower, but the overall direction as a company where we are going, which we want to divert more and more big projects or mass production projects into semi-automation and automation respectively.
- Alpesh Porwal:** This is not going to substitute the manpower, but it is more to kind of bring in efficiency.
- Sumit Rathod:** Efficiency, yes.
- Ashok Shah:** Okay. Sir, what is the cost done last year and what will be the cost done in the next year to install new robots?
- Alpesh Porwal:** So see, we do not have any specific cost like this. So it is the processes, which we try to automate. So it is included in our fixed assets additions cost. Plant and machinery, it is already included in that plant and machinery. So there is no specific one-on-one robot cost kind of thing, which we work on, yes.
- Ashok Shah:** So, would it improve the quality or the perfectness or the speed and cost will be also saved?
- Sumit Rathod:** So in certain projects it's to improve the quality. And certain product line, it's to increase the efficiency and the production speed of a particular product.



Flair Writing Industries Limited
May 23, 2025

- Ashok Shah:** So, will the company be adding robots in the future because currently we are only doing 60% to 70% in-house products and remaining still we are procuring from outside.
- Sumit Rathod:** So, yes, so as mentioned, as we scale up a particular product and as the product requires, we will be going on in this direction and it's an ongoing activity for manufacturing unit, which for us will continue to pursue in this direction.
- Sumit Rathod:** Just to clarify, only on Creative side, we have some trade purchases, whereas in the writing instruments segment, substantial manufacturing is happening inside the company.
- Ashok Shah:** Okay. Thank you sir. Thank you. That's all from my side.
- Moderator:** Thank you. The next question is from the line of Mr. Deepesh Sancheti from Maanya Finance, and due to time constraints, that will be the last question.
- Deepesh Sancheti:** Hi. My question is regarding the projection of sales growth with the new CAPEX coming in. And will that be at the same ROE? Because I mean, ROE for this year has been around lower double-digits. So, what is your projection on the ROE also going ahead?
- Alpesh Porwal:** So, ROE, which is from FY '25 to FY '24, it's gone down to 11.7% from 13.2%. The ROE is what we expect is to kind of gradually increase over here in this case because whatever investments which we are talking about today will start giving us the operating leverage and ultimately give a positive impact to our bottom-line.
- Sumit Rathod:** Yes, and that should take us back to the previous ROE level.
- Deepesh Sancheti:** The previous ROE was around 17%, which you had come up with when we had filled for the IPO?
- Alpesh Porwal:** Yes. This will be a gradual increase as we go forward.
- Sumit Rathod:** See, we are doing substantial CAPEX over the last two years, including what we explained during the call in the current year. So all that advantages will start accruing over the next two to three years. At that time, you will see coming back to the ROE to the similar levels what we were doing pre-IPO.
- Deepesh Sancheti:** Okay. And with this current expansion, I mean, the first part of my question was what is the projected sales growth for the next two years?
- Mohit Rathod:** So, going forward, for the next two years, as we mentioned, we are going to have a stable steady growth rate of 15% year-on-year going forward.



Flair Writing Industries Limited
May 23, 2025

- Deepesh Sancheti:** Okay. So in line with the ROE, I should expect that the sales growth as well as the ROE should be around 15% for the next two to three years?
- Alpesh Porwal:** It will go up to 15%. See, when we are talking about this, again ROE is a result of the kind of investments, which we do and the kind of top-line, which we achieve. And the return on investments, I would say any additional investment, the return is gradual. And hence, when we say, whatever investment additions we make, it will be a gradual increase going forward.
- Deepesh Sancheti:** Okay. My last question is about the marketing expense. Can you just throw a light on how much has been our marketing expense for this year, say '24-'25 vis-a-vis the previous years? And going ahead, how much will it increase, or will it remain the same?
- Alpesh Porwal:** So marketing expenses have marginally gone down in fact rather, sorry. So advertisement expenses --
- Alpesh Porwal:** Year-on-year, it has been almost the same, only with the difference of a couple of crores out here. This time, we were a little slow on marketing, but going forward, we see an uptick to a little extent in the coming years on marketing.
- Deepesh Sancheti:** If you could quantify the numbers, please.
- Alpesh Porwal:** For what, for the coming years?
- Deepesh Sancheti:** No, for the marketing expense this year vis-a-vis last year.
- Sumit Rathod:** Yes, yes. So in FY '25, the total advertisement expenditure was Rs. 14.39 crores compared to Rs. 16.15 crores in the previous year.
- Deepesh Sancheti:** Okay. This is including hiring, I mean, brand ambassadors like Ranveer Singh and Ranveer Kapoor?
- Sumit Rathod:** Yes, yes.
- Deepesh Sancheti:** Okay.
- Sumit Rathod:** Obviously, major part was incurred in the last year.
- Deepesh Sancheti:** Okay. And going ahead, we should expect this similar kind of numbers or should it increase?
- Mohit Rathod:** Similar, similar numbers.
- Deepesh Sancheti:** Great. Thank you so much, team. Thank you.



Flair Writing Industries Limited
May 23, 2025

Sumit Rathod: Thank you.

Moderator: Thank you. As that was the last question, I now hand the conference over to the management for the closing comments. Thank you, and over to you, sir.

Alpesh Porwal: Yes. Thank you. Thank you, everyone for taking some time out to participate in this call. In case of any queries, reach out to our Investor Relations Advisor, MUFG Investor Relations. We wish you all the best, and hope to interact with you soon. Thank you so much.

Moderator: Thank you. On behalf of Flair Writing Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.