Flair Writing Industries Limited
(An ISO 9001:2015; ISO 14001 : 2015 & SA 8000 : 2014 Certified Company)
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Ref- FWIL/SEC/2025-26/58

Date: November 13, 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**

Sub: Transcript of Investor Call held on November 07, 2025

Dear Sir(s)/ Madam(s),

Pursuant to Regulation 30 of the Listing Regulations, copy of transcript of the Investor call held on Friday, November 07, 2025 at 11.30 am (Indian Standard Time) to discuss Company's performance for the quarter and half year ended September 30, 2025 is enclosed.

You are requested to take the same on record.

Thanking you,

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

VISHAL KISHOR CHANDA
Digitally signed by VISHAL KISHOR CHANDA
Date: 2025.11.13 17:38:21 +05'30'

Vishal Kishor Chanda
Company Secretary and Compliance Officer

Encl: As above

"Flair Writing Industries Limited

Q2 & H1 FY '26 Earnings Conference Call"

November 07, 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: MS. DARSHI JAIN – MUFG

Moderator: Ladies and gentlemen, good day, and welcome to the Flair Writing Industries Limited Q2 and H1 FY '26 Earnings Conference Call. As a reminder, all participant 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Darshi Jain. Thank you, and over to you, ma'am.

Darshi Jain: Thank you. Good morning, everyone. Welcome to the Flair Writing Industries Q2 and H1 FY '26 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 beliefs, 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 morning, everyone. Thank you for joining our Q2 and H1 FY '26 Earnings Call. I hope everyone had the opportunity to go through our investor presentation and press release that have been uploaded on the exchange.

We are thrilled to announce a landmark performance in Q2 FY '26, underscoring the growing appeal and strong demand for our products across domestic and export markets. Our quarterly revenue surpassed a significant milestone of INR300 crores at INR321 crores, driving a robust 30.4% year-on-year improvement in profitability.

Our creative business continued its strong momentum, delivering remarkable growth at 70% and reinforcing its position as a key driver within our portfolio. Our steel bottles and houseware segment also delivered a stellar performance, more than doubling its revenue in Q2 FY '26, signaling strong momentum and laying a foundation for sustained growth ahead.

The capex plan for our new Valsad facility is progressing as scheduled with operations commencing in Q4 FY '26, further boosting manufacturing capacity for writing instruments and creative products to meet rising demand, improving operational efficiency and strengthening our market position in those segments.

We command the government initiative to reduce GST as a measure to stimulate consumer demand. In alignment with this effort, we have proactively passed on the benefit to our customer by revising prices on applicable creative products, ensuring affordability while maintaining quality and value.

Our focus will remain on innovation supported by scalable and sustainable operations and strong brand equity, which will enable us to drive long-term growth and sustain industry leadership in the years ahead.

I now hand over the call to Mr. Alpesh Porwal, our CFO, to discuss in detail about our - Q2 FY '26 financial performance. Thank you.

Alpesh Porwal: Thank you, MD, sir, and good morning, everybody. Let's review the consolidated financial performance for Q2 FY '26. Revenue from operations for Q2 FY '26 was at INR320.9 crores an increase of 18.8% year-on-year compared to the corresponding quarter of the previous year.

Gross profit for the quarter was INR166.6 crores, which increased by 16.7% over corresponding quarter of the previous year. Gross profit margin came in at 51.9%, closer to the historical range of previous financial years, mainly due to a change of product mix in favor of certain premium products.

EBITDA for the quarter was INR60.3 crores, registering a growth of 19.2% year-on-year compared to the corresponding quarter of the previous year. EBITDA margin was at 18.8%, 7 bps higher compared to Q2 FY '25.

Profit after tax for the quarter was at INR42.7 crores, increasing by 30.4% on a year-on-year basis. PAT margins for the quarter were 13.3%, 118 bps higher year-on-year. On the qualitative front for the results, the overall revenue growth as of H1 is ahead of our guidance for 15% CAGR over the medium term.

While our Pens business has shown stability, our performance was driven by the remarkable growth trajectory of our creative and steel bottle and houseware businesses. Both together grew by a staggering 81% in Q2 FY '26.

In both these segments, the focus on innovation and portfolio expansion that is introducing fresh differentiated products has strengthened our brand appeal and driven demand across domestic markets.

Our innovative product portfolio in both these segments was ably supported by our vast and expanding distribution channel. These segments not only accelerated revenue growth, but also reinforced Flair Writing Industries Limited's strategic shift towards high potential categories and continue to lay a strong foundation for sustainable long-term growth.

Overall, our brand sales grew by 20% year-on-year to INR291 crores, of which the domestic owned brand grew by 19% and export owned brands grew by 32%. This quarter's strong performance in the export sales was also supported by growth in OEM exports by 53%, bringing the overall export growth to 41%, marking an encouraging recovery from the largely subdued demand seen in the past couple of quarters due to geopolitical tensions. The growth has come by expanding geographies and major growth coming from Latin American countries and Middle East.

Coming to our OEM sales. Overall, OEM sales increased by 7.4% year-on-year, driven solely by export OEM, which saw an increase of 53% to INR24 crores Y-on-Y. As previously mentioned, the domestic OEM segment saw another quarter of sharp decline, driven by reduced demand from our pen OEM customer.

Let me reiterate that we have taken no contribution from this segment in our growth aspirations. We are very confident that the inherent strength of our own brand portfolio, combined with pickup in export OEM business will continue to drive business forward.

Coming on to the product segments. Our creative business. The Creative segment continued to achieve an impressive 70% year-on-year growth for Q2 FY '26. The revenue contributions stood at INR70 crores for the quarter.

We expanded our portfolio by introducing 14 new products under the creative range during the quarter. As on September 30, 2026, we have a total of 237 product offerings in creative. We are focused on 2 critical aspects in this segment, introducing fresh innovative offerings and developing robust in-house production capabilities.

Our manufacturing facility in Surat through strategic partnership under Flomaxe Stationery Private Limited will be a key pillar towards extending our presence in the pencils, polymer pencils, wooden pencils and paper pencils and other allied stationery categories. Towards this, we are increasing capacity of existing products as well as installing new capacity for products at Surat.

Next, our steel bottles and houseware business. Our steel bottles and houseware business delivered exceptional growth this quarter. The revenue contribution from this segment for the quarter increased by 121% year-on-year to INR26 crores. This performance was driven by a clear and focused strategy.

We consistently expanded our portfolio with innovative product launches that resonate with evolving customer preferences. At the same time, we strengthened channel visibility, ensuring our products are accessible and prominent across key trade channels, particularly modern trade and e-commerce. These efforts collectively contributed to the significant momentum and robust performance of this segment in Q2 FY '26.

The Pens business. The Pen segment grew 4% year-on-year to INR221 crores for Q2 FY '26. During this quarter, we released 17 new pens across 3 price segments: mass, mid-premium and premium.

The operationalization of new Valsad facility will give us incremental capacity for the pens business. A key focus will be on improvising sales throughput per distribution by fostering focused engagement and providing tools that drive efficiency and growth.

Over the long term, our objective is maintaining a sustainable compounded growth in this segment…

Moderator: Sorry, to interrupt sir, are you there? It seems like the lines of the management has got disconnected. Please stay connected till I reconnect the management. Ladies and gentlemen, thank you for waiting patiently. The management line has been connected.

Alpesh Porwal: Continuing with what we were at last when we got disconnected. The Pens business. The Pens segment grew 4% year-on-year to INR221 crores for Q2 FY '26. During this quarter, we released 17 new pens across all 3 price segments, mass, mid-premium and premium. The operationalization of new Valsad facility will give us incremental capacity for the Pens business. A key focus will be on improvising sales throughput per distributor by fostering focused engagement and providing tools that drive efficiency and growth.

Over the long term, our objective is maintaining a sustainable compounded growth. I also want to shed light on a few critical aspects of our performance. On the cost front, we saw stabilization on the employee and other expenses despite functional areas of manufacturing, marketing and R&D witnessing rising headcount as stated in the earlier call.

We expect this trend of cost to continue as the year progresses, driven by the benefits of operating leverage and improved resource utilization. During Q2, debtor days remained same at 81 days compared to last year's. Inventory days remained elevated at 92 days compared to 85 days in the quarter last year.

We have been adamant about the fact that portfolio expansion remains a core growth strategy for us. This, combined with the feedback cycle our newly introduced product goes through, we need to maintain an adequate level of inventory to fulfill demand.

With most of our sales growth being volume-led, our production levels remain further heightened given higher share of in-house creatives manufacturing. However, having said that, our endeavor is to maintain inventory days around similar levels.

Creditor days declined by 6 days to 36 days, thus overall working capital days increased by 12 days to 137 days. Just to also share with you that our inventory number of days and debtor number of days have reduced from the preceding quarter.

We continue to maintain a net debt negative position, supported by operating cash generation of INR51 crores in H1 FY '26 compared to INR6 crores in H1 FY '25. As we reflect on the quarter, we dedicate to our stakeholders the strong performance delivered and remain committed to building on this growth trajectory.

Our endeavor always towards maintaining and undertaking initiatives that improve our margins. In the quarter, it was quite delighting to see that the initiatives we have been sharing with you, be it in terms of automation in operations, efficiencies in manufacturing, expanding human capital to fulfill demand of our products -- all these have been yielding results, which is reflected in expansion of EBITDA margin to 18.8% in Q2 FY '26 compared to the preceding Q1 FY '26, which was at 17.17%.

We are also pleased with our overall H1 performance, wherein we have grown our revenue from operations by 18% in H1 FY '26 over H1 FY '25. This has been driven by a strong performance in our diversified business segments. With a resilient foundation, transformational initiatives, robust capabilities and an unwavering focus on quality and innovation Flair Writing Industries Limited is well positioned to scale further and consistently deliver products that set benchmarks in the industry. We look forward to sustaining this momentum in growth in revenue and margins towards creating long-term value for all stakeholders.

Thank you very much, and we shall open for questions.

Moderator: Thank you very much. We will now begin the question and answer session. We take the first question from the line of Sneha Talreja from Nuvama.

Sneha Talreja: Congratulations team for great set of numbers. Just a couple of questions from my end. Firstly, starting with steel bottles itself, we have seen doubling of revenues on a Q-o-Q basis. What's changed here in case you can give some specific lines like is it addition of customers here, things have picked up? And what could run rate now look like?

Sumit Rathod: I think overall in the steel bottle and the household category, it's a mix of all. It's increasing the product portfolio and the innovative products that we have launched in the market and also a combination of increasing our depth in terms of network in terms of our general trade and also in the modern trade and the e-com as an overall sales opportunity.

And also, we have a certain portion of that sale is also contributed by the quick commerce platform. And when you talk about going forward, going forward, I think we will try and keep the momentum in the similar lines. And we are seeing more and more product launches and a positive outcome from the market.

Sneha Talreja: So you also mentioned household category is also part of the steel bottle business. Can we have some breakup here what would the absolute steel bottles? And also if there is some export element starting here?

Sumit Rathod: So from the majority perspective, it is the steel bottle contribution that has helped us in this growth. And as mentioned earlier, household is just a small portion of the overall sales contributor. But as the network increases, this both portfolio will keep on moving.

Sneha Talreja: And any export share in the current quarter?

Sumit Rathod: No, there's no major contribution from the export. We are still trying to penetrate the export market. But I think more concentration is more into deepening on the domestic front, and there's a huge scope still pending in the market.

Sneha Talreja: Understood Sumit. Secondly, I wanted to gauge on Pens performance. Now we see pens domestic performance is slightly on the muted side, like we've seen around 4% odd growth. But if I look at your exports performance, both your own brand as well as the OEM business that's seen a strong growth.

How should we look at things because we used to think that domestic own brand business would actually grow at a faster pace and exports could be growing at a slightly lower pace. How do we read things going ahead? And is there anything changing there? Like are you adding new customers in the exports market? And how should we actually look at even domestic performance? Will it be in that 5% to 10% range?

Mohit Rathod: Regarding the domestic own brand sales, in H1, we have grown by 6%. So the momentum was good till August. The only September for 3 weeks, there was a slight slowdown due to GST -- new GST implementation. But barring that, we had a very, very promising 5 months in Pen as a category in our own brands, even though we have managed 6% growth in our own brand sales. And for exports, of course, the demand has picked up again from our existing distributors and buyers, mainly to do with the South American market and the Middle East market.

Moderator: Ms. Sneha, are you on the line?

Sneha Talreja: Sorry, I was on mute. I was saying lastly, on the gross margin front, we have seen a strong expansion coming up here. Reason for expansion? And what's the likelihood of this margin sustaining?

Alpesh Porwal: So at gross margins, we have always -- for the consumption and gross margins, we have been in the range of 50% to 52%. And if you see on the historical numbers as well as this quarter, previous quarter, previous year, we have been in the same range.

What is bringing about is as I reiterate that it is the backward integration, the automation, which we are undertaking, a lot of transformation projects, which we have undertaken in factories as well as in our sales and other areas. This has largely contributed to better margin.

Moderator: We take the next question from the line of Aradhana Jain from B&K Securities.

Aradhana Jain: Congratulations on the good set of numbers. A couple of questions. First, on the creatives, what has led to the growth in the creative segment? Are there any particular products that are selling more? And is there any channel increase that we've done in the creative space? Yes, that's my first question?

Mohit Rathod: Aradhana, so answering your question on creative, I think it's a combination of a lot of things which has contributed to the exponential growth in this segment. Currently, we have more than -- we are offering more than 200 products in this category. And this range is expanding on a faster pace, and we are trying to introduce a lot of new innovative products.

And we are happy to see the kind of response we are getting for our innovative products in the market. So it's a combination of a lot of things. It's a combination of our category in mechanical pencils, in wooden pencils, in creative kits, in coloring range, in geo boxes. It's a whole even office supply products. So it's a combination of all the products which has contributed to this.

And also, we have started our own manufacturing. A lot of products have been manufactured at our own factory, which is making it faster to meet the demand of the market. And as far as the distribution penetration is concerned, of course, we have improved the distribution penetration.

We are increasing the throughput per outlet in this category. And this we will continue to do so in coming future quarters as well.

Aradhana Jain: Got it. Can you give any quantitative insights as to how has Maped and Disney fared during the quarter? And say, how much is the mechanical pencils contributing? Any share on the overall creative segment of the mechanical pencil?

Sumit Rathod: It's the competition sensitive data. So we would avoid giving the details of the contribution coming from segment-wise. But yes, when we talk about Maped, Maped is very small contributor in this entire segment because we have just initiated the distribution in India. It will require some more time to develop.

The initial goal is to distribute Maped branded products in India through our distribution channel. And this would be typically mid-premium and premium, thus offering a nice complement to our own basket of branded creative products.

Aradhana Jain: Sure. And are we on track of increasing the in-house capacity in the creative segment from 70% now to 80% as it was guided in the last quarter? Or are we going to stick to 70% right now?

Mohit Rathod: So we have increased to 75%, and this will improve in coming quarters.

Aradhana Jain: Got it. My second question is on the inventory days. Basically, so Alpesh alluded in his opening remarks that we plan to keep the inventory days in line to what they are currently. But can you explain that like why has the inventory days gone up?

I understand that it's because of the new product launches that we are doing. But any sense on how the number of product launches or total number of products were last year versus this year in the first half so that we understand that, okay, is it because -- entirely because of that or anything else?

Alpesh Porwal: So the inventory, Aradhana, as I explained, and I would maintain the same thing that the inventory number of days is a result of the new products which we are coming up with. New products which we are introducing, whether we are manufacturing ourselves or we are outsourcing either of that.

In both these cases, till the time we do the market discovery of the demand and supply, the balance between that, we have to maintain a higher inventory just to be ready for any orders to come in. Now for the last 2 -c 3 quarters, including the quarter 2, we have been introducing a lot of new products. We have been doing a lot of backward integration. And hence, we look at the inventory number of days on a little higher trajectory.

Now just to share with you, like I said, the inventory number of days and this is going to continue because there is a slew of new products, we are coming into a new segment altogether, which is we're expanding the creative segment. And hence, we see the inventory number of days on the higher side because of the new launch.

And this will stabilize as we move forward. And just to share one bit with you, I'm not talking about the number of days, but from Q1 to Q2, the inventory number of days has come down.

Aradhana Jain: Sure. So any sense on the entire year? Do we expect the working capital cycle to improve?

Alpesh Porwal: I would say by the year-end, like I still maintain, our endeavor is not to kind of lose control over inventory Aradhana. We have full control over the inventory. The only thing is that I'm sharing is that our endeavor is to kind of reduce the entire working capital cycle by at least 10 days by the end of the financial year.

Aradhana Jain: Got it. And my last question is on the export versus domestic mix. How was that in the second quarter and for the entire half year? And what was our sales to the U.S. market? And did you see any kind of dip in the sales to U.S. during the quarter and first half?

Mohit Rathod: So when we talk about the overall U.S. sales, it has not impacted, and we don't see any news coming in from our existing buyers from there. So I think the U.S. market is going to continue the way it has been continuing for past quarters. And when we talk about the overall contribution of export versus domestic, it's about a similar level of 15.5% to 16% in our total sales.

Moderator: We take the next question from the line of Jaiveer Shekhawat from Ambit Capital.

Jaiveer Shekhawat: Firstly, on Pens, it just seems that the growth over there seems to be a little hard to come by despite a lot of new launches. I understand it's also because of the industry volumes as well. But what's your sense? I mean, would you be, at some point of time, be able to grow that segment in high teens -- or sorry, high single digits? And you're also adding more capacities. So where would your existing capacity stand for Pen? And do you really need more capacities to be added?

Mohit Rathod: Yes, regarding the pens, as mentioned that we have grown by 8% overall in our own brands, especially when we talk about domestic market, we have grown by 6% in H1. And this is all to do with the volumes. So the volume has increased and is increasing quarter-on-quarter.

So the additional capacity is going to help us meet that demand. And going forward, we will maintain a high single-digit growth in this category. We are not going to lose our market share in this category at all.

Jaiveer Shekhawat: Understood. And on your mechanical pencils and the rest of the creative portfolio, have we already rolled that out to Pan-India? Or are there certain states that are still remaining to be rolled out to?

Mohit Rathod: So we have launched in Pan-India everywhere.

Jaiveer Shekhawat: And was it this quarter or the quarter before that you had done it?

Mohit Rathod: We have done in last 2 quarters. In last quarter also, we did it. This quarter also, we are now in coming quarters, we will try to launch it in export market as well.

Jaiveer Shekhawat: Sure. On the margin side, it seems that the recovery that has happened on margins from the bottom of 4Q has been quite fast versus your initial earlier guidance. So question is, would you be able to sustain it to over 18% for the rest of the year? And then also, are there any specific product mix changes that have happened in the quarter, which you think cannot sustain possibly for the rest of the year?

Alpesh Porwal: Jaiveer, so to answer your question, the product mix is never a stable thing. It's a derivative of the demand and supply and also the kind of new innovations which we come up with. This product mix is -- the margins are a resultant of that plus, obviously, the entire top line, which we are talking about. Specifically, to answer your question on continuing the margins, we are trying our best to kind of maintain this momentum.

And given scenario of our production capabilities and the orders, et cetera, and our economies of scale, which are kicking in, we expect the margins to be at a higher level going forward. So it's not going back to the previous year or lower than the previous year margins at all.

Jaiveer Shekhawat: Sure. Just last bit on that. How would your margin differential compare versus, let's say, steel bottles and creative and rest of your pen business currently?

Alpesh Porwal: It's a fungible capacity when we're talking about. So our pens and creatives, we operate out of fungible manufacturing capabilities. So we don't differentiate over here in terms of margins. It's an overall margin, which we kind of calculate.

Jaiveer Shekhawat: And would that be the same for steel bottles as well because possibly you would require different moulds there, I guess?

Alpesh Porwal: `No. Steel bottle will be a little different margin, which you're talking about since it's coming up now. And as we move forward, as we see more traction in the steel bottle business, we will share those details also with you. Today, let me tell you steel bottles, we are talking of margins, we are EBITDA positive since last 2 quarters.

Moderator: The next question is from the line of Naitk from NV Alpha Fund.

Naitk: Congrats on a good set of numbers. Sir, my first question is on the Pen side, if you could give us the volume that we have done in the quarter and the first half?

Mohit Rathod: So in pens, in terms of volumes, we have done -- in terms of percentage, I'm telling you it's about 8%, as I mentioned, reiterating the thing, it's about 8% growth in first half in pens. And when we talk about overall volume in terms of creative and pens segment, it's about 30%, 30% growth.

Naitk: Got it. And sir, another question on the same line, if you compare H1 to H1, you have seen maybe give or take 3%, 4% growth in revenue in terms of pens. So I mean, again, I just wanted to ask, are we confident of doing high single digit for the full year because second half needs to grow significantly higher for the same?

Mohit Rathod: Yes, we are confident of doing high single-digit growth by the year-end.

Naitk: Right. Got it, sir. Sir, my next question is what percentage of distribution gap do we still have between our pens distribution and creative distribution?

Mohit Rathod: It's a big gap, which we will try to fill in the next 2 years, 3 years. But as we have maintained our dialogue that we are increasing our throughput in 67,000 outlets, what we are covering in creative segments.

Naitk: Okay. Sir, my next question is on steel bottles. Now that we have seen INR25 crores, quarterly run rate, do we expect this run rate to sort of sustain or will it go back to, say, around INR20-odd crores of quarterly run rate?

Sumit Rathod: So little spike in the run rate was also due to the festive season. But overall, from a business perspective in terms of household and steel bottle, we try to maintain the higher momentum, and we will make sure that we are continuing with the trend which is going on in terms of the domestic market.

Naitk: Got it. And sir, my next question is on the margins. So if I just look at your second quarter, typically, the gross margins and EBITDA margins seem to be a bit higher versus the entire year. So is there some part of seasonality or product mix that sits in 2Q particularly, which leads to higher sort of margins?

Alpesh Porwal: So you're right, it's a combination of seasonality and product mix. But to say that our efforts have been to kind of contain and stabilize on the cost front, that is one. So we have better control on the cost front by a lot of process improvisation and concentrating on the top line over here. So where we are talking about expanding our revenue growth. And the economies of scale are, like I said earlier, they are kicking in. So that also contributes to the margin expansion.

Naitk: Got it. Got it. And sir, we maintain our guidance in terms of both creative and steel bottles of growth guidance for the coming 2 years or...

Alpesh Porwal: Like I said, the numbers which we're talking about where we have reached in terms of my H1, in terms of my revenue growth as well as my EBITDA margins, I would say that we would continue the momentum in the coming period, in the coming next half.

Moderator: We take the next question from the line of Nishita Shanklesha from Sapphire Capital.

Nishita Shanklesha: So I have a few questions. Just one clarification on what you just said. You said that you will continue the growth momentum in the Creative segment and in the steel bottle and houseware segment. So by that, do you mean that you will continue the growth momentum that we had in Q2 FY '26 of 121% growth in steel bottle and houseware and 70% in creative? Do we expect that growth quarter-on-quarter?

Alpesh Porwal: Nishita, I would like to add one thing in addition to what I've been -- we all have been kind of explaining. When we say continuing the momentum is that the entire -- as an overall as a company, I would like to maintain the momentum. There can be a little change in the numbers always because of different segments.

Alpesh Porwal: And for steel bottle and household and for creative, we are talking of the increase in base also. We were talking of earlier times when maybe 3 quarters earlier, we were talking of a lower base.

Now the base is increasing. So if you are talking of percentage-wise, there will be a little difference. But yes, the push is still for kind of having higher numbers and better numbers.

Nishita Shanklesha: Okay. So from what I understand in the previous call, you mentioned that you will have a 15% growth in all 3 segments?

Alpesh Porwal: That was at the company level, we said that the guidance at the beginning of the year, the guidance was of 15%. And we are talking about improving on the cost front, on the top line margins, et cetera. So I would like to say that like overall H1 performance, we have grown our revenue from operations by 18%, right, over H1 FY '25. This has been driven by a strong performance in our diversified business segment. And here is where I say that we look forward to sustaining this momentum in growth in revenue and margins.

Nishita Shanklesha: Okay. So are we going to improve our guidance to around like 18% for FY '26?

Alpesh Porwal: So one is where we say a guidance out here of 15%. And I'm talking about the 2 quarters which have passed, which has given me a certain number. Obviously, if I maintain the guidance that means I would be looking at going down in next 2 quarters, which is not the case at all. So this guidance is one number which was there earlier, which we have now the facts of the business are out are here with us. So I'm looking at continuing the momentum.

When I say continuing momentum, we are talking about guidance, which is -- which was given earlier, which is different. This is -- this momentum is what we are talking about. So this is the momentum I'm talking about, not the 15% guidance, which I'm talking about.

Nishita Shanklesha: Okay. Understood. And my next question is, currently, your segment-wise revenue contribution is around 70% from Pens, 22% from creatives and 8% from steel bottles. How do we see this going forward? Do you expect the revenue mix to change?

Alpesh Porwal: So if you're talking of a long-term basis obviously -- no. So long-term basis, the revenue mix will undergo change because we are talking of 2 segments, which are growing segments. So the contribution from these segments will go up in absolute numbers and hence, the contribution will be different. But pens, we are still -- that's our main -- the largest contributor, and that will continue to be stably increase.

Sumit Rathod: So, in pens, we'll continue the leadership position. But obviously, in the creative and the household and the steel bottle segment, the percentage and the mix will change in terms of the overall contribution.

Mohit Rathod: Yes. Because see, it's very evident that last year, the contribution from these 2 segments was about 15% of our total top line. This quarter is about 30%. and we are growing in Pen segment as well. So it's bound to happen.

Nishita Shanklesha: Okay. So going forward, like in FY '27, FY '28, do we see this mix to like around 50% to 60% from pens and then like the rest from the other segments?

Alpesh Rathod: No, this will still be above 50%, 60%, which you're talking about pens today. That will continue to be a major contributor

Nishita Shanklesha: Okay. Understood -- and my next question is, so what is the total capex for FY '26 that we are doing? And are we doing any capex for FY '27 also?

Alpesh Porwal: So for FY '26, I'll tell you a planned capex of INR80 crores, INR90 crores was earmarked to support key strategic initiatives, which includes for the establishment of new manufacturing unit in Valsad and other expansion opportunities.

Of this INR39 crores has been deployed in H1 FY '26 as part of the budgeted capital plan. And we are also going to have the new facility coming at Surat in addition to the new facility at Valsad. This is the entire capex.

Nishita Shanklesha: So what is the capex amount that we will need for the Surat site facility?

Alpesh Porwal: Yes, it's a very small number. Around INR5 crores is for the new facility.

Nishita Shanklesha: Okay. And in this Surat facility, which segment are we going to manufacture?

Alpesh Porwal: This is primarily in pencils, Creative segment, pencils and sharpeners and pencil-sharpners . So the Surat facility dedicated for pencils and allied products, which is sharpners and erasers.

Nishita Shanklesha: Do we envisage any capex going forward in the steel bottle & Houseware segment as well in FY '27 with the growth…

Sumit Rathod: Certainly, as the numbers grow and we kind of reach 70% of our capacity utilization, we will look forward for further capex out here.

Nishita Shanklesha: Okay. So what is the current capacity of your investment?

Moderator: Sorry to interrupt Ms. Nishita. I would request you to go back to the queue as there are several participants waiting for their turn.

Alpesh Porwal: Around 45% to 50% is is current capacity.

Nishita Shanklesha: Okay. Thank you so much.

Moderator: We take the next question from the line of Nilesh Doshi from Prospero Tree Asset Management LLP.

Nilesh Doshi: Yes. First of all, congratulations for reporting the INR300-plus crores revenue on a quarterly basis and hope that the company will maintain such run rate in the coming quarters also. Sir, my question is related to the Pen segment. See, the Pen segment is still the largest contributor of the total revenue, around 70% of revenue coming from the Pen segment, but it is growing at a rate of 3% to 4%, which is lower than the average inflation rate also.

And particularly, it looks very low when the new launches are in the premium segment. So what are the factors which affects the company? Because I understand that there is an OEM sales degrowth, particularly in the domestic market, but our own brand is growing and all new launches are in the premium segment.

So it must -- there may be lower volume growth. But because of the premiumization, there must be the higher single digit, at least 8% to 9% growth from the Pen segment because the other segment, say, Creative or the steel bottle may not repeat the same kind of 70% growth or 121% growth in the coming quarter. So our growth must be coming from the Pen segment. That is my understanding. Can you clarify or can you explain on that?

Mohit Rathod: Yes, Nilesh, as we mentioned earlier also, I would like to reiterate that, yes, in H1, we have seen a growth of 4% in Pen as a category. Our growth driver was the domestic OEM, which has gone down. But overall, if you look at -- when you have just mentioned that we should be looking at our own brand sales and our own brand sales is -- has contributed to about 8% growth overall.

And I think it will grow as we had committed that in high single digit, it will happen. And it is happening in our own brands. So -- and of course, premiumization is happening, but the volume of premiumization is not that big compared to the volume what we are doing in the mass and the mid-premium category.

Nilesh Doshi: Okay. And can you give the average sales price of the -- from the Pen segment per pen, what is the ASP?

Alpesh Porwal: I think the ASP is at a similar level of INR5.4.

Moderator: We take the next question from the line of Pankaj Agrawal, an Investor.

Pankaj Agrawal: My question is with respect to the bottle business that we have been talking for the last 2 to 3 quarters. So I would like to understand the supply chain methodology for bottle and Pen business. Is it same? Is it different? If it is different, do we have a separate team which is promoting this?

If separate team is promoting, then are we able to compete with companies like Cello or established player in house warehousing business when the size goes up or scalability goes up Hello?

Moderator: Ladies and gentlemen, it seems like the managements line has been got disconnected. Please stay connected till I reconnect. Ladies and gentlemen thank you for waiting patiently. The management's line has been connected.

Pankaj Agrawal: My question is regarding the last 2 to 3 quarters, we have been emphasizing a lot on the bottle businesses, where we are seeing good traction. So my question is, do we have the same supply chain of Pen business and bottle business? If it is different, then do we have a different team which is promoting this bottle business as well as Pen business?

And if it is different, currently, the base is low. So when the base goes up, are we in a position of competing with bigger players, for example, -- Cello or likewise, the companies which are in-house warehousing business. So when the scalability goes up, do we have enough team or resources to fund for this existing growing bottle business to compete?

Sumit Rathod: Mr. Pankaj, yes, the supply chain system is different as compared to pens. But when you say from an overall perspective, yes, we are managing and in the coming future to endeavor the target growth that we have, we have a separate supply chain resource team, which dedicatedly works upon to ease the supply chain system for the steel bottle as a business.

And when you say about the competition, yes, our endeavor is definitely to grow and reach the level and be among the top players in this particular category as well. And as and when that gap decreases, we will be able to sustain the supply chain requirement. And also with the -- as you know, with the BIS certification, we are penetrating and increasing the depth in the domestic market for the steel bottle segment.

Pankaj Agrawal: So just for clarification, do we have a separate team which is promoting this bottle business? And is this team having enough products to support the sales or just 1 or 2 products?

Sumit Rathod: Yes, there is a separate team. And when you talk about the product, yes, products every quarter, we keep on introducing new products, and that's a continuous process. Like all other segments, this is also a continuous process for this particular segment as well. So we will keep on adding more and more products in the portfolio.

Pankaj Agrawal: So in 3 years or 4 years, we may expect a separate division or separate coming, which will be a value unlocking apart from writing business to warehousing business?

Sumit Rathod: So along the years, as the business size increases, we will -- as a houseware and steel bottle segment, as like we do today, we will be keeping it as a separate segment, which is -- even currently, it's in a similar market. And that's the only way to increase and strengthen our position in the market.

Moderator: We take the next question from the line of Rajas Joshi from Chrys Capital.

Rajas Joshi: Other expenses on a quarterly basis for the last couple of quarters, I think last 4 or 5-odd quarters, except Q1 this year, they've largely been flat. So I mean just wanted to sense on what is really driving that? Has our ad expense remained the same? Has it gone up? Has it gone down? Can you give some sense on that? Because employee expenses have risen pretty well, but other expenses have remained largely flat?

Alpesh Porwal: Right. The total expenses, like you said, has been flat over quarter-on-quarter. Your question was towards advertisement expenses also, where it has been in the range of 1% plus/minus kind of thing, which we have recorded over the previous quarters. This quarter, I would say, has been a little lesser spend. But in the coming quarters, with the new product portfolios and the new product ranges, which we have introduced -- so this number shall go up.

What has driven us is obviously, when you look at stabilized, we have also kind of ensured which, okay, if you recollect and if you were a part of this 2 quarters back where we had mentioned that we are investing in employee cost, we are investing in manufacturing facilities, and that is where we are looking at expenses going up.

Obviously, the result in working capital going up because of the introduction of the new product portfolio. Today, we see that we see most the employee and other expenses stabilizing at a certain level. And it will grow as we grow our business. But the percentage-wise, if I were to talk of as a proportion of, say, I would peg it with sales would remain constant. We would like to kind of keep it constant.

Rajas Joshi: Is possible. Could you please point out this ad expense number probably on a Q1, Q2 or Y-o-Y basis?

Alpesh Porwal: Y-o-Y basis on a percentage basis, yes, it would be around 0.99%, and a dip of 11* bps in Q2 compared to the Q2 of the previous year. But that is to say that a lot of changes which we are bringing in the kind of advertisement and marketing, which we are kind of looking forward or planning going forward.

(*Ad expense decreased by 35 bps and not 11 bps)

Rajas Joshi: So on the export side, people are really interested with one of the larger OEM customers. Now is that largely behind us there on the exports OEM side? And secondly, with regard to own brand, are we looking at I mean are you looking at -- the top end? I mean, are we looking at that rate kind of to sustain going ahead within exports own brand?

Mohit Rathod: Yes, yes. See, when we talk about exports owned brand in H1, when we compare, it has grown by 23% of our own brand sales in exports, which is a similar case in OEM as well. Of course, the large OEM is still there. We have also added a couple of more OEM buyers in our kitty. So it's going to continue and hopefully, in a positive way for OEM is concerned. But yes, for our own brand sales is definitely going to improve from here.

Rajas Joshi: The effective tax rate for the quarter was a bit lower, I think, around 21%. So any one-offs with regards to that? Or is it largely just a timing issue?

Alpesh Porwal: No, it is a timing issue. It's nothing to do. There's no one-off in the entire balance sheet in this quarter.

Alpesh Porwal: One thing which is there is that one of our subsidiary, which is Flair writing equipment is at a lower tax rate. And that is where we see the profit going up and that resulting this would have an impact. But otherwise, there's no other one-off as such.

Rajas Joshi: Okay. So the subsidiary would come under the 15% tax rate, is it?

Alpesh Porwal: Yes, yes.

Moderator: Ladies and gentlemen, due to interest of time, that was the last question for the day. And I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Vimalchand Rathod: We would like to thank you all for taking out time for this call. Thank you very 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.