



“Flair Writing Industries Limited Q3 & 9M FY-26 Earnings Conference Call”

January 30, 2026



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MODERATOR: **MS. DARSHI JAIN – MUFG**



Flair Writing Industries Limited
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Moderator: Ladies and gentlemen, good day, and welcome to the Flair Writing Industries Limited Q3 and 9M FY '26 Earning 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 Ms. Darshi Jain. Thank you, and over to you.

Darshi Jain: Thank you. Good morning, everyone. Welcome to the Flair Writing Industries Q3 and 9-months 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, and welcome everyone. Thank you for joining our Q3 and 9-months 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 delighted to present a strong Q3 FY '26 performance, highlighted by a robust 20.1% year-on-year revenue growth, a 25.7% increase in EBITDA, and 13.2% increase in PAT, reaffirming solid momentum and resilience of our business.

Our performance in 9 months FY '26 has been particularly encouraging and with a strong 18.6% increase in revenue year-on-year. Our revenue growth has consistently surpassed our stated guidance of delivering a 15% CAGR, reflecting a sustained momentum across our business and the strength of our underlying growth drivers. Hence, we are confident in surpassing our guidance of 15% for FY '26.

We are also honored with the "Export Excellence Award '23-'25" at the "PLEXCONCIL Platinum Jubilee Celebration", further reinforcing our leadership as a "Key Exporter of Writing Instruments and Stationery" from India for over 4 decades.



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In line with our strong performance and positive outlook, the Board of Directors has approved an interim dividend of INR 0.50 per share, representing 10% of face value of our equity shares.

Going forward, our focus will continue to be on driving innovations supported by scalable and sustainable operations, and a strong brand foundation, enabling us to deliver long-term growth and maintain industry leadership in the years to come ahead.

I now hand over the call to Mr. Alpesh Porwal, our CFO, to discuss in detail about our Q3 FY '26 and 9-month FY '26 financial performance. Thank you,

Alpesh Porwal: Thank you, MD sir.

Let's review the consolidated financial performance for Q3 FY '26:

Revenue from operations for Q3 FY '26 stood at INR 317.7 crores, an increase of 20.1% year-on-year. The gross profit for the quarter was at INR 161.7 crores, which increased by 17.9% over the corresponding quarter of the previous year. Gross profit margin came in at 50.9%, a decrease of 95 bps year-on-year. While it is closer to the historical range, it decreased mainly due to a change of product mix.

EBITDA for the quarter was at INR 56.9 crores, registering a growth of 25.7% year-on-year. EBITDA margin stood at 17.9%, an increase of 80 bps year-on-year. As we see the operating leverage kicking in, the incremental growth in translating more directly into EBITDA, reinforcing our confidence in the various business transformation initiatives we undertake, right from increasing automation to deepening distribution relations for our wide range of innovative products.

Profit after tax for the quarter was at INR 33.1 crores, increasing by 13.2% on a year-on-year basis. PAT margins for the quarter were 10.4%. The PAT grew at a slower pace than EBITDA, primarily because Q3 FY '25 had a higher other income.

In Q2 FY'26, there was an additional income of INR 3.2 crores due to profit on sale of fixed assets and investments. Also, there was a higher interest on the FD amount. the lower FD amount was an account of use of IPO proceeds for CAPEX and expansion activities.

Our Pens business grew by 7.3% year-on-year in Q3 FY '26 and overall by 4.7% in 9-month FY '26. Our Pens business continues to maintain its leadership in India, and has been a consistent and reliable compounder, driven by own brand sales.

Our performance was further driven by the remarkable growth trajectory of our Creative and Steel Bottle and Houseware businesses. These segments collectively delivered an impressive 78.5% growth year-on-year.

The Creative division grew 71.8% year-on-year to INR 211 crores in 9-month FY '26, while the Steel Bottles and Houseware segment rose to 102.2% year-on-year to INR 64 crores. For Q3 FY '26, the growth of both these segments stood at 68.7% and 116.2% respectively. Over time, we also do anticipate our revenue mix to shift with Creatives and Steel Bottles, contributing a progressively larger share to the overall portfolio.

Across these categories, our efforts to introduce novel additions and grow the line-up of the portfolio has enhanced our shelf visibility, fueling the robust growth. During the quarter, we expanded our portfolio by introducing 28 new products across all range and categories. As on December 31, 2025, we have a total of 240 product offerings in Creatives.

Overall for the quarter, our total own brand sales grew by 23.3% year-on-year to INR 286 crores, of which the domestic own brand sales grew by 22.5% and export own brands grew by 29.9%. This quarter's strong performance in the export sales was also supported by growth in OEM exports by 22.4%, bringing the overall export growth to a healthy 26.5%.

During the first 9 months of FY '26, we delivered strong growth with revenue of INR 927.2 crores, registering an increase of 18.6% year-on-year, an EBITDA of INR 166.8 crores, showing a 20.9% increase year-on-year and PAT of INR 104.8 crores, showing an increase of 18.8% year-on-year.

This growth came from both domestic and export markets. Domestic own brand sales stood at INR 752.79 crores, reflecting a 21.3% year-on-year growth, while export own brand sales reached INR 88.38 crores, registering an impressive 28.8% growth.

Together, own brand revenues totaled INR 841.18 crores, marking a 22% increase over the previous year. Export OEM sales contributed INR 67.37 crores, with a 22.6% growth. Overall domestic sales amounted to INR 771.4 crores, up 17.2%, and export sales stood at INR 155.75 crores, up 26.1%.

With respect to the domestic OEM business, our earlier OEM relationships have reduced to zero, as indicated in the previous calls. Despite this, we have exceeded our stated growth targets, even though performance was moderated by the domestic OEM segment, as highlighted earlier.

We are also pleased to report that new customer engagements through our Flomaxe subsidiary have added a fresh revenue stream of INR 6 crores under domestic OEM.

On CAPEX and expansion initiatives, the new Valsad facility is slated to become partially operational in Q4, which will further strengthen our manufacturing capacity in writing instruments and stationery.

At our Flomaxe Surat facility, the total CAPEX as of 9-month FY '26 stands at INR 9.6 crores, primarily directed towards plant and machinery, and the subsidiary continues to contribute

positively to the Creative segment. In addition, we have invested INR 8.28 crores in the second new building currently under construction, which is expected to be completed by Q1 FY '27.

On the qualitative front for the results, as highlighted by our MD sir, the overall revenue growth as of 9-month FY '26 has consistently outperformed our stated guidance of 15% CAGR, backed by sustainable and scalable growth delivered by our 2 diversified business segments, that is Creative segment and Steel Bottles & Houseware segment. We have high growth visibility over the next 2 years and thus are confident in delivering higher growth trajectory than our current guidance in the coming 2 years.

While we still have levers to outperform the stated growth, currently, we would like to exercise prudence but remain open to adjusting our guidance based on our outlook. To ensure that the exceptional growth trajectory in our Creative segment continues well into the future, we are executing a set of strategic initiatives designed to strengthen our foundation and expand our opportunities.

Our in-house manufacturing share has risen to 75%, enhancing operating efficiency, quality control and scalability. We are preparing a series of new product launches that will broaden our portfolio and keep us aligned with evolving customer preferences.

Strategic collaborations are also central to our momentum. Our licensing partnership with Disney continues to bring character-based products to market, deepening engagement with younger audiences, while our distribution alliance with Maped France positions us to deliver premium Creative products to domestic and global customers.

In addition, the Flomaxe Stationery JV is expected to commence manufacturing of wooden pencils and also significantly boost capacity and sharpen our focus on polymer pencils, erasers, sharpeners and allied categories.

Together, these initiatives are not only driving current performance, but are carefully designed to sustain and accelerate growth in the Creative segment, ensuring that we continue to outperform guidance and deliver long-term value for our shareholders.

In Steel Bottles & Houseware segment, we are driving growth through design innovations with in-house lacquering and coloring, strong general trade distribution network, supported by modern retail, quick commerce and e-commerce with a dedicated distribution team and expanding our portfolio to 50-plus SKUs with continuous new launches to meet all season demands.

Having operationalized the Flomaxe JV in this year and Maped partnership starting to contribute to revenue, we are also exploring opportunities for inorganic acquisition in the fast-growing segments of our business.



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Looking back on the quarter, we take pride in the solid results achieved and extend our appreciation to our stakeholders for their continued support. With this momentum, we are focused on sustaining progress and driving the next phase of growth.

Now I open the floor for question-and-answer session.

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Kapil from Carnelian Asset Management. Please go ahead.

Kapil Jagasia: Thank you. And first of all, congratulations on a great set of numbers. My first question is, can you give highlights about what would be the primary and secondary sales in the Creative and Steel Bottle segment?

Mohit Rathod: Yes. So, when we talk about the primary sales in Creative, Q3, we did about INR 77 crores and 9-months in '26, which is INR 211 crores (inaudible – 15:49). That is of Creative, which is 72% up than last year. And when we talk about the Household category and Steel Bottle category, primary number is at INR 25 crores in Q3, and 9-months number is at INR 64 crores, which is 102% up than what we did last year.

Kapil Jagasia: So, sir, can we indicate like how much the secondary sales would have happened out of this?

Mohit Rathod: So, more or less, if you say, when we talk about the secondary sales is at par with the primary sales, because the distributors or the super stockers would keep stock of maximum 45 days to 60 days. They will not invest in a company more than that. So, the secondary sales is also at par with the primary numbers.

Kapil Jagasia: Sure. My next question is on the Creative segment. Within this segment, which product would be doing the maximum?

Mohit Rathod: In Creative segment, there are almost 18 categories. And most of the products are doing very well. So, when you talk about the Creative, see, sharing the data would be a little sensitive because of the competition. But at the same time, we can say in Creative, over the years, we have launched 18 categories of products where all the new product launches which are standing out in the market are all to do with the small, small innovative designs and the packaging what we have initiated.

And the result is the combination of the products and as well as the placement what we are doing in the stores. We are increasing the throughput in each and every outlet. And we are making sure that all the innovative products, whatever we have launched in last 1.5 years, are placed at the retail level.

Kapil Jagasia: Got it. Got it. Got it. And how much would have been the volume growth in Creative segment for us this quarter?

Mohit Rathod: See, in terms of volume, it is very difficult because Creative products does not go in terms of volume. But yes, just to answer that question in terms of volume in Creative, the volume growth is as big as 141% if you take volume. Because see, in terms of volume, a set of crayons has 12 colors, 24 colors. A set of coloring range in terms of sketch pen, they have 12 and 24. So, it's very difficult to calculate volumes. But yes, for your number, it's about 141% growth.

Kapil Jagasia: Got it. Got it. And I guess similar would have been in previous quarter also?

Mohit Rathod: Yes. In previous quarter also, it's similar.

Kapil Jagasia: Okay. And within the Pen segment, if you can give a breakup of the realization growth and volume growth?

Mohit Rathod: So, when we talk about the Pen as a category, overall, in Q3, we have grown by 7%. And overall, in 9 months, we have grown by 5%. When we talk about the volume, it is about 6% in Q3 and 3% volume in 9 months.

And to give you some more insight, if we talk about our own brands, the volume has increased by 18% of in 3 months. And when we talk about 9 months, the volume of our own brand sales has gone up by 11%.

Kapil Jagasia: Great sir. Thank you for answering all my questions. All the best to you. Thank you.

Moderator: The next question comes from the line of Aradhana Jain from B&K Securities. Please go ahead.

Aradhana Jain: Thank you. Congratulations to the team on the good set of numbers. A couple of questions from my side. Firstly, I will start with the Pens segment. So, Pens witnessed good growth, compared to the last couple of quarters that we have seen. However, if you see on a 9-month basis, it's still below our guided number of high single digit. So, what is the plan around that?

For the full year, where do we see this number? And for, say, FY '27, what would be our guidance on the Pens side? That's my first question.

Mohit Rathod: So, Aradhana, just to answer your question on Pens. As we mentioned, overall, we have grown by 5%, guided by a strong Q3 numbers of 7%. Going forward in Q4 also, we are expecting a similar trend because of the run rate and the momentum going our way in this category. And we have always maintained that going forward also in FY27, we would be targeting high single-digit number in that, because still we feel there is a lot of scope in this category going forward.

Aradhana Jain: And in our Pen segment, I believe Hauser XO is our best-selling product. Is that right?

Mohit Rathod: Yes.

Aradhana Jain: Yes. So, would it be possible for you to share that in the Pen segment, which is like 67%, 68% of our overall revenue, how much would Houser XO be contributing in the Pens side?

Mohit Rathod: See, Aradhana, we would not like to share the number on a call. But if you want anything in personal, we can give you that. But because keeping competition in mind, it's very difficult to answer this question. But yes, just to answer that, XO does not contribute a major number in the overall Pen category.

Aradhana Jain: Understood. And in terms of average realization of Pens, have you seen any improvement there vis-a-vis, say, last year in the Pen?

Mohit Rathod: It's stable. It's stable at INR 5.4 per piece.

Aradhana Jain: Okay. And in the export side of things, which are the key geographies for us for Pens currently? And are we seeing any impact of U.S. tariffs on us? And from EU FTA perspective, do we see any benefit to flow to us from that perspective on the export side of things?

Mohit Rathod: As far as exports is concerned, we have been doing very good in U.S., UAE, Switzerland, Japan, Colombia, the South American market. So, all these countries have been growing.

And to answer your question on the U.S. tariff. U.S. tariffs, see, we were never dependent on U.S. as an export. Overall, if you look at it, it was only 3% of our total top line, but it has not impacted us in any way, U.S. tariffs.

And when we talk about EU tariff declaration, see, we are already exporting to European countries. And with the new trade deal, we will definitely gain more momentum in our entire range of products to European nations and increase our exports in near future.

Aradhana Jain: Understood. And in the Pen side, have we seen any market share gain in the last, say, 6-9-months period versus what we were at a year back? And what would be our current market share in the Pen segment?

Mohit Rathod: See, definitely, we have gained our market share in Pen, because if you look at our growth in our own brands, which I consider as a major business in Pens, overall growth is almost 18% volume share we have gained in our own brands, so which is very high compared to the competition. So, we are not losing or we are not giving it up to any of the competition, which is coming up. We are fighting in each and every category.

Aradhana Jain: Understood. Just on Creatives, a couple of questions. One, I wanted to understand we are currently 75% in-house manufacturing, right? So, what's the plan going ahead for, say, the next 1 year? Are we planning to increase that manufacturing capacity further? And how much is the

capacity utilization there? And are we seeing any improvement in our margins coming directly because of the in-house manufacturing that we have shifted to?

Mohit Rathod: See, with the new facility coming in, we will definitely increase our capacity in Creative currently, which is 75%, we tend to bring it to 80% plus in coming quarters. And when we talk about the profitability margins improving, I would say we would be stable at the EBITDA level, which we are going currently.

Aradhana Jain: And from Flomaxe perspective, if I heard it correct, we have already done close to around INR 9 crores to INR 10 crores of CAPEX. How much more CAPEX are we planning to do there? And what's the kind of revenue potential that we are expecting from the Flomaxe facility? And by when can we expect those numbers to start flowing in on our Creative number?

Alpesh Porwal: To answer your question, Aradhana, Flomaxe is already contributing to the revenue of Creative out here. We started manufacturing in this financial year. So, far, you are right, we have done this investments of more than INR 9 crores in plant and machinery in this year. And in the pipeline is the new facility which we are coming up with, the additional unit, which we want to bring up at Surat, we expect an additional INR 8.5 crores of capitalization in terms of building and plant and machinery.

Aradhana Jain: And in Creatives, have you started exporting or it's all domestic that we are currently doing?

Mohit Rathod: Exports also we have started, but it's very small compared to what we are doing in domestic. It's too early. We are still catering to the domestic demand.

Aradhana Jain: Understood. Just last question from my end on the Steel Bottle side. So, fair to assume that whatever sales we are currently doing in the Steel Bottles is coming from stainless steel bottles or there's also some bit which started coming from the vacuum insulated tumblers, which are fairly new compared to the stainless-steel bottles? And which are the major channels where we are selling these? And from a price point perspective, are we competitive to the other leaders in the market or we are priced say lower or premium to them?

Mohit Rathod: To answer the question, I would say, when you talk about the vacuum steel tumblers, it's included in Steel Bottles only. It is a part of it. And we have been always manufacturing from day 1 steel tumblers and steel flasks, all are the part of Steel Bottle as a category. And other than that, when we talk about the contribution, I would say the overall sales has been contributed mainly by all 3 divisions, which is general trade, modern trade and e-com.

Aradhana Jain: And in terms of capacity utilization, where are we in the Steel Bottle side? And do we plan to also expand in the capacity utilization, like capacity in the Steel Bottles going ahead in the next 1 year? Any plans on that?

Sumit Rathod: Yes. So, going forward, as we progress more and increase the sales and have a more penetration into the domestic market, we definitely look into adding more facilities and also maybe increase the category in this particular segment.

Aradhana Jain: Understood. I will maybe join back the queue for any follow-ups. Thank you so much, and all the best.

Moderator: The next question comes from the line of Sneha Talreja from Nuvama Wealth Management Limited. Please go ahead.

Sneha Talreja: Hi. Good afternoon, team. And congratulations on great set of numbers, and thanks for the opportunity. I will be quick with just 2 questions from my end. Firstly, there have been 5 consecutive quarters that you have exceeded volumes now, which is over 15%-odd volume growth. Now the ask rate is just about 6%, like you have already mentioned on the call that you will be delivering 15% plus for the next 2 years. But is there any specific guidance that you would want to give us for this year as a whole as well as next year?

Sumit Rathod: So, I think for future guidance, of course, with the current momentum that we are going, like we are quite sure that we will outperform our current guidance of 15%. And in the near future also, with the new Valsad facility also coming, fully commissioning in Q1 of next year, I think we are confident that the momentum should continue, and we will definitely outperform our 15% guidance.

Sneha Talreja: Sumit, any numbers there?

Sumit Rathod: No. I think I would just stick with the momentum that we are going on. And as you have seen in the recent past, I think in the near future, we will try to continue that.

Sneha Talreja: Sure. And it's been 2 consecutive quarters; we have seen a great run-up in your exports own brand business. Could you highlight what are the differentiated changes that you are doing here? Is it addition of new customers that you are doing? Or is it certain specific geography that you started hitting which is working well? Or is it anything to do with the China rebate coming down, wherein we are replacing China in any particular geography?

Mohit Rathod: No. I would say as we have discussed earlier also, it is to do with the products which we have launched in 1.5 years. These products are gaining momentum, not only in India, but even in export market. And as I mentioned earlier, regarding the export sales, we are doing extremely well in the South American market, the Middle East market, with a stable American business and European business.

Sneha Talreja: Noted. Just 1 or 2 bookkeeping questions for Alpesh, sir. What would be the sustainable level of other income? We have seen a significant drop. I know you mentioned the reasons in the opening remarks, but what could be the sustainable number here? And also, what would be our

working capital days standing at, at this point of time? And in case you can give receivables numbers also separately?

Alpesh Porwal: Right. Yes, you heard me right that the PAT, if we were to compare the PAT from Q2 to Q3, there was just one-off items which we saw in Q2, and hence, the difference out here. The other income, it's just income from foreign exchange fluctuation and the interest on FD. And I expect it to continue in the range of INR 3 crores to INR 4 crores per quarter, not more than that.

And as far as working capital is concerned, we said the working capital in the third quarter normally is on a rise due to a higher stocking of goods, which we have seen, like especially from whatever we import from China because of the Chinese New Year holidays, we stock those items in advance.

Q4 is the strongest for us where we see the movement on all fronts, right, from the sales point of view to also getting into the consumption or the margins perspective because of the product mix and the larger volume of sales. So, we expect the working capital cycle to reduce there. And as I have stated in the earlier calls also, the working capital cycle will bring it down by 10 days at least by end of this year.

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

Mohit Rathod: Thank you.

Moderator: Thank you. The next question comes from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: Thank you. Many congratulations to the team for a very solid set of numbers, especially given the high base. So, the first question is basically on the Creatives. So, on the export side, right? So, you did mention that there is negligible exports on the Creative side. But if you could highlight, are we exporting anything on the Bottle side?

Mohit Rathod: That is also very negligible. Only a couple of crores, we have exported. But yes, in near future, we will focus on export market as well. We are developing a few products for them.

Resha Mehta: So, is it just product development that is holding us back from starting exports in these 2 new segments?

Sumit Rathod: I think we are still focusing on domestic market and developing products which caters to domestic market initially. And then in the meanwhile, in coming quarters, we will be focusing on export market as well.

Resha Mehta: Right. And on the Bottle side, right, so suddenly, our quarterly run rate, which used to be at around INR 12 crores, has gone up to around INR 25 crores since the last 2 quarters, Q2 and Q3.

So, anything specific there? Because of the anticipation of BIS, a lot of other competition, they had preloaded inventory imports from China, right? And like for a lot of our peers, that inventory probably has gotten extinguished. So, is that one of the reasons why we are seeing a pickup in our bottles quarterly run rate?

Mohit Rathod: So, mainly to do with the new product development, which was due to be launched in Q2 and Q3. So, we did that and the traction was good in those new developed products. So, that is the main reason because earlier, we had very few products to cater in domestic market, but now we have developed the entire range. And it's an ongoing process, which we will do it for next few quarters.

Resha Mehta: Now since the non-BIS inventory would have probably been exhausted from the system post the festive, would you now say that you all are on an equal footing versus your peers on the Bottle side as far as the trade channel acceptability is concerned? Or are we still focused on modern trade, e-com as the primary channels for bottles?

Mohit Rathod: See, yes, but it will take more time for us to be in the category of our competition. Our base is very small compared to what they are doing. So, I think another couple of years, and then it will be fair for everybody to compare us with the competition.

Resha Mehta: Right, right, right. And one thing on the Pen side, right? And I am sorry to harp on this again, but 5% revenue growth when we look at it from a 9-months perspective, you did call out that your own brand revenue growth has been higher, right?

But when do we see that overall, the OEM business also picking up, because especially if you see the OEM numbers, they have started looking better, and I believe you also completely shut down the business to that 1 OEM customer who was, in any case, paring down their revenues, right? So, in that situation, then when do we see that own brand growth kind of starts reflecting in the overall Pens growth that we deliver?

Mohit Rathod: See, I think in Pen as a category, there are so many different verticals we are catering to. So, it's an ongoing process where 1 category would do well in a couple of quarters, then there would be another category just struggling.

But I would say, overall, if you look at the numbers, if you look at the overall volume growth, we are nowhere losing the market share or giving it up to the competition even at the high base where we are, we have been growing at 18% in our own brands in terms of volume. So, I would say the OEM used to be a significant part of our top line.

But going forward, we are focusing more and more on our own branded sales, because OEM business is totally dependent on them. And quarter-on-quarter, they keep on changing their forecast. So, we would rather focus on our own brands.

Resha Mehta: So, the OEM business in any case, so the problematic OEM customer, anyway, so the revenue recorded in this quarter would be 0, right, from them?

Sumit Rathod: In domestic, yes.

Resha Mehta: So, this is for the domestic. But in export, it's still continuing, right?

Sumit Rathod: Yes. Export is continuing and it's growing also. So, our overall OEM exports has grown by 23% in 9 months.

Resha Mehta: Sir, but then do we see this converging somewhere? Our own brands have been doing very well, but the overall Pens category growth, and that was my primary question that when do we see this converging or at least coming close to the own brand revenue growth number?

Mohit Rathod: So, overall, this, whatever growth we are showing is our own brand growth only. Our own branded sales in Pen as a category has gone up by 12%, which is reasonably better than what the competition is showing. But I would say 12% in our own brand shows the kind of strength what we have in our brands as well as our distribution capabilities. So, I would say, going forward, this should stabilize, keeping in mind the OEM ups and downs in the business. That's the reason we are always focusing on high single-digit growth.

Resha Mehta: Sir, just to clarify, 9-months Pen revenue growth is 5%. What is the 9-months own brand Pen revenue growth? That is the number 12% or...

Sumit Rathod: Yes. 12% is our Q3 number. 9% is our own brand sales for 9 months.

Resha Mehta: Okay. And volume growth for 9-months?

Sumit Rathod: Volume growth for 9 months is 11%, our own brands.

Resha Mehta: Understood. I will join back the queue. Thank you.

Mohitt Rathod: Thank you.

Moderator: The next question comes from the line of Manpreet Arora from Aurora Wealth Advisors. Please go ahead.

Manpreet Arora: Thank you for the opportunity. Yes. So, sir, first question is on the Creative side, one on the market in general and then our strategy in particular. So, we have subcategories inside Creatives like mechanical pencils, markers, drawing instruments, etc. Now if you can help us understand out of these subcategories, which are the biggest categories? And is our strategy like are we focusing on a few of these big subcategories or we are creating a large basket to be available at all points in these subcategories? And then I have a follow-up question on the strategy as well.



Mohit Rathod: Yes. So, basically, we are focusing on 3 main categories, which is to do with the scholastic range, office supply range and the gifting kit range. So, these 3 are the broader categories where we are focusing, and our main growth has also come in this as a category.

Going forward, we would be in coming future, a few quarters later, we would be focusing on coloring range as well.

Manpreet Arora: All right. Thank you. And sir, in the past, you have mentioned that we just started by rolling out into 68,000 outlets. And then we are monitoring how it goes and then we will roll out to a bigger. So, what are those KPIs that we are monitoring here before we decide to expand into the channel? So, what are those key things that we are monitoring here basically?

Mohitt Rathod: So, the key numbers, what you are monitoring here is the value per outlet. Number 2 is the number of products or the SKUs, which goes in each and every outlet. So, these are the 2 main numbers we are focusing and unless the basic targets we achieved there, and then we would like to expand.

Manpreet Arora: All right. Thank you. And sir, earlier in the call, you mentioned that for the Flomaxe, we have won INR 6 crores contract with an OEM. Did I hear that right?

Mohitt Rathod: So, we have done overall INR 6 crore business in Flomaxe in OEM.

Manpreet Arora: I see. So, sir, what is the strategy there? We are doing our own brand as well as OEM on the Flomaxe side?

Mohit Rathod: So, Flomaxe was formed in a way to help us grow in our Creative scholastic range. And at the same time, earlier also, they were doing a few OEM business. So, they are continuing with that.

Manpreet Arora: Okay. Thank you. And sir, my second question is on the working capital side. Now in the past, you have mentioned that especially our inventory days will be higher because we are launching a lot of new products, and we want to keep inventory at least in the stage when we are right now growing on the Creative segment.

But if we look at our receivable days and payables also, sir, over the last 3 years, our receivable days have also increased every year, the last 3 years, and our payables have come down over the last 3 years. And if we compare it with our listed peers in a similar space, especially on the receivable days, we are way above them.

So, is there a difference in our business model or the channel strategy on why these numbers have increased over the last 3 years? I am not talking about inventory because that I understand, but more on the receivables, why the days have increased and why the payables have come down. And also, is our current strategy responsible for this? Or anything that has changed in the business environment which help us?

Alpesh Porwal: Hi Manpreet. So, what you see is working capital cycle out here, it's a conscious decision. It's not something that it is not in our control. Traditionally, we have been giving higher credit. And then we have always seen, if you would see the past balance sheets also, you will see a higher number of days against debtors' revenue from operations. And this is because of the mass and premium product range, which we deal in.

And like I reiterate that we have been looking into our numbers. And as we launch new segments and new products, where we see the opportunity to reduce the receivables, we will go for it. But at the end of this year, we look at least 10 days improvement in the entire working capital cycle.

As far as inventory is concerned, you are right because as we launch new products, and there's a range of products, a lot of products which we are launching in different segments, including Creative and Steel Bottles. Pens, we are aware of because we have been in the industry for more than 5 decades, and we know, say, for example, the new product is being launched and how it will be accepted or not accepted.

In Creative and Steel Bottles, they are fairly new in terms of the new product launches where we also have newer relationship with our distribution channel and our sales partners. And hence, we have to maintain a little higher inventory over here. However, this is a continuous process, but not to say that we are not going to come down on the inventory levels as well as the receivables levels.

Manpreet Arora: So, sir, as we scale up, let's say, next year when Creatives becomes a little more mature as a part of our portfolio and we get more insights into the market and how we are doing. Do you see some of these things coming down and gradually improving over the next 2 years?

Mohit Rathod: We see that thing also. But Manpreet, there's one point which we need to see is that we need to notice that we have maintained our margins and profitability in spite of these higher things. Now this is a strategy which we adopt, which might be different from what the competition adopts. So, if you were to compare the bottom lines or EBITDAs of our competitors and the number of days of working capital cycle, it will be quite varied out here.

Manpreet Arora: It also impacts our return on capital employed.

Alpesh Porwal: Yes, it impacts.

Moderator: Mr. Manpreet, you may rejoin the queue for the follow-up questions.

Manpreet Arora: Sure. Thank you.

Moderator: We have Aradhana Jain from B&K Securities. Please proceed with your questions.

Aradhana Jain: Hi, thank you for the follow-up. A couple of questions. One, I wanted to know in terms of guidance for say FY '27, is it fair to assume that in Pens, we maintain our guidance of high-single digit? Or is there any change there? And in terms of Creative and Steel Bottles, we still expect like a 40%, 50% of Y-o-Y growth in FY '27.

And in terms of EBITDA margins, fair to assume from the current 18% levels to improve slightly there, given that now we will be further increasing our in-house manufacturing capacity in the Creatives, and given that the raw materials are also I would say, benign. So, do we expect the EBITDA margins also to improve from the current level? So, that's my first question on the guidance side. How do we see FY '27?

Alpesh Porwal: Sure. So, Aradhana, the EBITDA margin will gradually go up as economies of scales kick in and once new units are fully operationalized. Plus, this is going to be a continuous process, and we would be maintaining the momentum as we see today.

Aradhana Jain: And on the working capital side, it is fair to assume that the inflated working capital will still continue. Like we had earlier guided that we will try to reduce our working capital cycle by, say, 7, 8 days per year. We don't stand by that, right?

Alpesh Porwal: We do stand by. Absolutely, Aradhana, you are right out here. And it's a conscious decision, and it's a strategy again. It's a strategy specific to us that we have adopted of higher credit period and nothing. Inventory on the other side is because of the large number of products, which we have been launching in an entire universe of our product range. So, we see the inventory levels and the receivables coming down and the multiple manufacturing facilities also add to the inventory, just to add to that. But yes, 10 days is what we stick to it, and we shall achieve that by the end of the year.

Aradhana Jain: Understood. And lastly, on the CAPEX. So, this year, we will be doing around INR 80 crores, INR 90 crores of CAPEX, we are already through with around INR 60 crores, INR 65 crores. For next year, what is the plan? The Valsad facility is expected to come online by, say, fourth quarter. So, post that, are we still planning to keep doing this kind of CAPEX or it will be more like a maintenance CAPEX going ahead for some time being?

Pravin Rathod: So, with the commissioning of the Valsad unit, our IPO proceeds commitment would be over by then. And then we will look towards only the maintenance CAPEX and the investment in the moulds for launching new products. So, there won't be any major manufacturing facility being added, until these are fully utilized.

Aradhana Jain: Understood. This was really helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: Thank you for the follow-up. So, just on the Pens part, right? So, value growth has been 9%, while volume growth has been 11%. And when I look at this in conjunction with that, the realizations have been stable at around INR 5. Perhaps the premiumization in our Pens portfolio is not happening. Would that be the right conclusion?

Mohit Rathod: So, more or less, if you look at the numbers, see, when we talk about premiumization, of course, we have a big share of premium product range and mid-premium product range. But yes, the volumes in mass category is increasing at a rapid speed, which when we look at the overall numbers, it looks at the overall realization is same.

Resha Mehta: And this has happened since the last 2 years, right, that the mass segment has again made a comeback.

Sumit Rathod: Yes.

Resha Mehta: Right. And just lastly, what's the timeline to pare down the promoter stake to 75%?

Pravin Rathod: Well, by the guidelines, we have time till November end of this calendar year.

Resha Mehta: Got it. All right. Thank you so much, and all the best.

Mohit Rathod: Thank you.

Moderator: The next question comes from the line of Nilesh from Prospero Wealth Private Limited. Please go ahead.

Nilesh Doshi: Good morning, sir. Sir, my question is related to ROE, return on equity. See, company is generating around 11% to 12% of ROE. And also, what is the expected ROE company is likely to generate in coming years, because now the Flair is not only a pen-producing company, but a multiproduct company, and particularly the Creative segment and Steel Bottle segment is the higher growth segment and generating the higher GP margin. So, what the investor can expect the ROE company will generate in the coming future?

Alpesh Porwal: So, we maintain our PAT margins and improve gradually. And in the coming period, where we see the ROE is slated to increase as our products also stabilize and our segments are fully explored, you will absolutely see a higher ROE. It will improve.

Nilesh Doshi: Sir, currently, it is around 11% to 12%. And you can say the competitor in the listed frame is generating the 20% to 22% of ROE. And now we have added the high-growth, high-margin business, the Creative segment, and we may reach to INR 300 crores of top line in the current financial year. So, can we expect around 15% of ROE to be generated in the next financial year?

Alpesh Porwal: Mr. Nilesh, I would not give a number out here. But surely, you see over here the new segments of Creative and Steel Bottles in the last 3 quarters of the performance, and you said it right, and I would



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appreciate that you noted that, that these are actually going to contribute in a large way in our bottom line and ROE in fact. So, once the economies of scale kicks in, we would see the ROE numbers going up, all the bottom line going up.

Nilesh Doshi: So, in other way, can we expect that once the capacity will be utilized, once the expansion is over, which will generate higher revenue as well as higher profit and thereby our ROE can be improved?

Mohit Rathod: Yes, absolutely. Absolutely.

Nilesh Doshi: Okay. Thank you, sir. All the best.

Alpesh Porwal: Thank you.

Mohit Rathod: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Management for closing remarks.

Vimalchand Rathod: We would like to thank you all for taking out time for this call. For any further queries and questions, you can reach out to us or MUFG Intime, our IR advisers. Thank you.

Moderator: On behalf of MUFG Intime Private Limited, that concludes this conference. Thank you for joining us, and now you may disconnect your lines.