

INITIATING COVERAGE REPORT

Stationery Sector

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Manasi Joshi

Research Associate

+91 9757275776 / 022-4200 5550

manasi.joshi@smifs.com

Honey Nathani

Jr. Research Associate

+91 9326355422 / 022-4200 5548

honey.nathani@smifs.com

Shraddha Kapadia

Sector Lead

+91 9987038082 / 022-4200 5565

shraddha.kapadia@smifs.com

Stationery Sector

Writing the Next Chapter of Organised Growth

The Indian stationery industry represents a stable, recurring consumption category anchored to the country's large and expanding education ecosystem. With ~30crore students and high category penetration, demand remains structurally resilient and less cyclical than most discretionary segments. As per Technopak analysis, the domestic stationery and art materials market, as of FY23 was estimated at ~Rs385 bn and is projected to scale to ~Rs716 bn by FY28, supported by rising education spending, urbanisation and gradual formalisation of the industry. However, our assessment of the industry growth trajectory is more measured than the double-digit expansion implied by the Technopak estimate. We believe the category is structurally mature, with penetration already exceeding 90% and demand largely replacement-driven, limiting the scope for sustained volume-led growth. While premiumisation, product innovation and formalisation will continue to support value growth, near-to-medium term demand visibility appears stable rather than acceleration-led. Accordingly, we build in a more conservative industry growth assumption of ~6% CAGR over FY23-28P reflecting steady but non-cyclical demand dynamics and growth increasingly driven by pricing, mix improvement and organised market share gains rather than meaningful volume expansion. Importantly, despite the perception of commoditisation, the non-paper stationery segment, particularly writing and creative instruments, offers structurally superior economics, supported by brand-led differentiation, manufacturing complexity and distribution intensity. Organised players benefit from higher margins, stronger return ratios and predictable cash flows, making this segment a niche yet defensible consumer category. Regulatory tailwinds, including stricter quality standards (BIS norms) and GST rationalisation, further reinforce the competitive positioning of scaled players. Within this landscape, Flair Writing Industries Ltd. (Flair) and DOMS Industries Ltd. (DOMS) have emerged as key growth leaders, supported by strong brand equity, backward-integrated manufacturing and deep distribution reach. DOMS has established leadership in pencils and scholastic products through continuous innovation, while Flair, the largest domestic pen manufacturer, is increasingly repositioning towards higher-value segments such as creative instruments and steel bottles. We initiate coverage on Flair with a Buy rating (TP of Rs391) and DOMS with an 'Accumulate' rating (TP of Rs2,460).

Demand visibility anchored to education-led consumption: Stationery demand is closely linked to academic cycles and institutional procurement, creating recurring consumption patterns and relatively low demand volatility. The back-to-school season alone contributes ~30–35% of annual industry sales, reinforcing working capital visibility and revenue predictability for manufacturers.

Premiumisation driving value growth despite high penetration: With penetration already exceeding 90%, growth is increasingly driven by product mix upgrades, innovation and higher ownership per user rather than meaningful volume expansion. Consumers are gradually shifting towards branded and higher-quality products, supporting margin expansion and sustained revenue growth for organised players.

Formalisation and regulatory support favour organised incumbents: Structural tailwinds such as GST rationalisation, stricter quality standards (BIS norms) and expanding organised retail are accelerating the shift from unorganised to branded products. These dynamics strengthen the competitive positioning of scaled manufacturers with established brands and distribution networks.

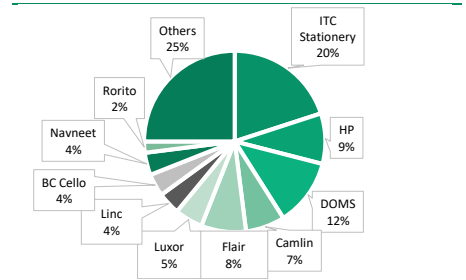
Adjacent categories expanding growth optionality: Leading players are leveraging brand strength and distribution reach to enter adjacencies: Creative and art materials, houseware and kids-focused categories. These segments share similar consumer cohorts and channels, enabling capital-efficient expansion and incremental margin opportunities.

Our View — Scaled Players Positioned to Compound: The Indian stationery industry is best characterised as a steady compounding category rather than a high-growth discretionary segment. Demand visibility remains strong, supported by education-led consumption, while premiumisation and formalisation continue to drive value growth. Within this landscape, DOMS and Flair have emerged as key growth leaders, supported by: i) Strong brand equity across core categories, ii) Extensive distribution network, iii) Increasing manufacturing integration and iv) Strategic expansion into higher-value adjacencies. We remain constructive on the sector's medium-term outlook, with organised players structurally positioned to gain share, improve margins and sustain earnings growth.

Valuation barbell: premium growth vs recovery potential: We remain positive on the long-term positioning of both companies; however, valuation differentiates the opportunity. DOMS Industries trades at elevated multiples (~44x 1-year forward P/E), reflecting strong growth expectations and limiting near-term upside. In contrast, Flair Writing trades at a more moderate valuation (~14x 1-year forward P/E), with margin recovery and improving utilisation offering scope for earnings growth and re-rating. Hence, we initiate coverage on Flair with a Buy rating (TP of Rs391) and DOMS with an 'Accumulate' rating (TP of Rs2,460).

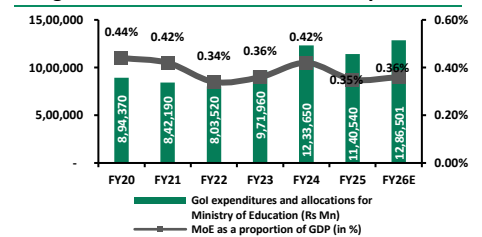


Market Share of Leading Branded Stationery Players in India (By Value)*



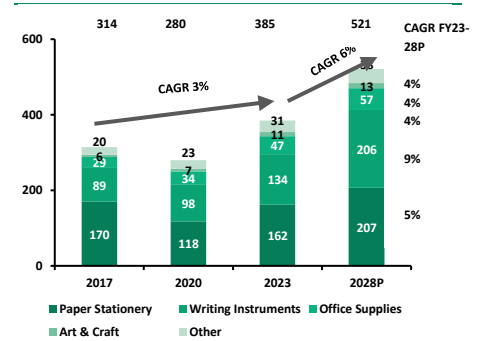
Source: DOMS DRHP, SMIFS Research, *Note: As of FY23

Budget Allocation for Education Sector by GoI



Source: Industry, SMIFS Research

India's Stationery and Art Materials Market as per our Estimates (Rs Bn)



Source: Industry, SMIFS Research Estimates

Shraddha Kapadia
Sector Lead
+91 9987038082 / 022-4200 5565
Shraddha.kapadia@smifs.co.in

Manasi Joshi
Research Associate
+91 9757275776 / 022-4200 5550
manasi.joshi@smifs.com

Honey Nathani
Jr. Research Associate
+91 9326355422 / 022-4200 5548
honey.nathani@smifs.com

Company Name	Rating	TP (Rs)	CMP* (Rs)	Upside (%)	M Cap (Rs Mn)	EPS (Rs)				P/E (x)				EV/EBITDA (x)			
						FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
Flair Writing	BUY	391	269	46%	27,229	11.3	13.3	15.7	18.6	25.0	20.2	17.1	14.4	15.7	12.3	10.2	8.3
DOMS Industries	ACCUMULATE	2,460	2,337	5%	140,468	33.3	37.9	43.7	53.0	73.0	61.6	53.5	44.1	42.4	35.4	31.2	25.8

Company Name	Net Sales (Rs Mn)				EBITDA (Rs Mn)				EBITDA Margin (%)				PAT (Rs Mn)			
	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
Flair Writing	10,799	12,501	14,193	15,891	1,847	2,245	2,611	3,035	17.1	18.0	18.4	19.1	1,196	1,398	1,656	1,963
DOMS Industries	19,126	23,264	27,438	32,672	3,484	4,026	4,570	5,474	18.2	17.3	16.7	16.8	2,023	2,302	2,650	3,218

Source: Company, SMIFS Research Estimates; *Note: As on 2nd July 2026

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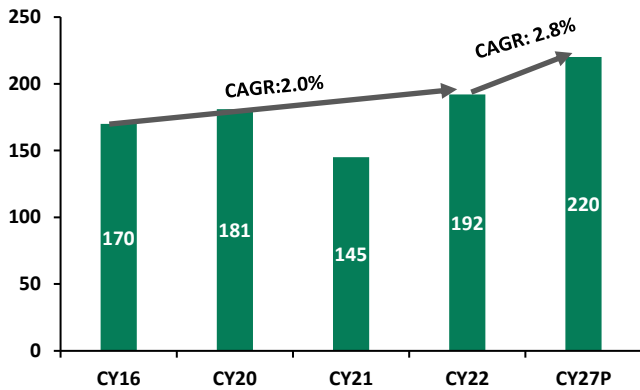
COMPANIES COVERED

[Flair Writing Industries Ltd](#)

[DOMS Industries Ltd](#)

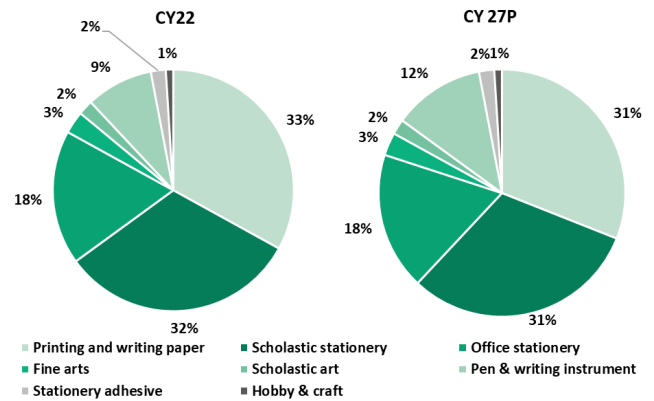
Story in Charts

Fig 1: Global Market Size for Stationery Products Market (USD bn)



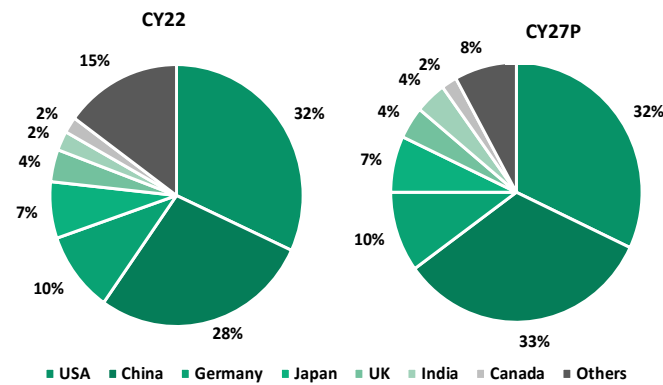
Source: DOMS DRHP, SMIFS Research

Fig 2: Share of Global Stationery and Arts Materials Market Categories (%) in CY22 & CY27P



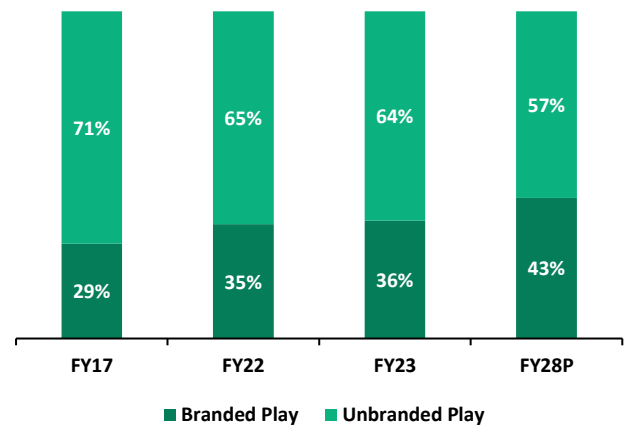
Source: DOMS DRHP, SMIFS Research

Fig 3: Global Market Share by Geography in Stationery and Art Materials Industry



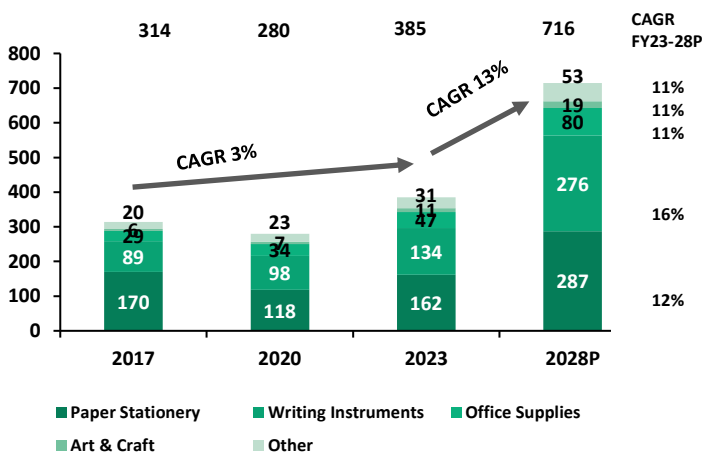
Source: DOMS DRHP, SMIFS Research

Fig 4: Branded Players to Control 43% of Stationery and Art Materials Market in India by FY28P



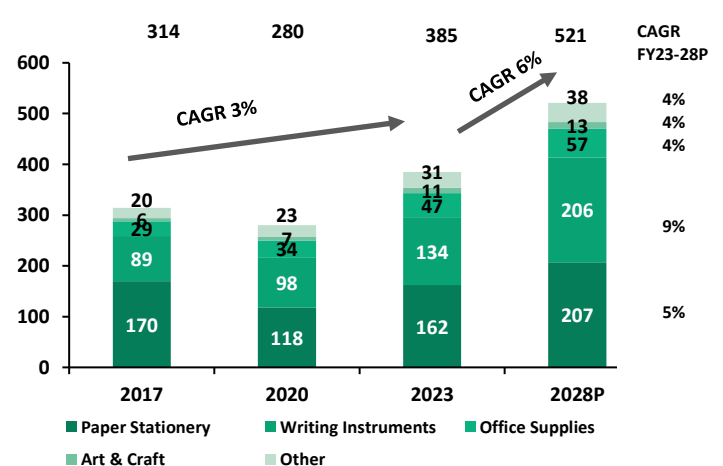
Source: DOMS DRHP, SMIFS Research

Fig 6: India's Stationery and Art Materials Market to Reach Estimated Size of RS 716bn by Value by FY28P, as per Technopak Analysis (Rs Bn)



Source: DOMS DRHP, SMIFS Research

Fig 7: India's Stationery and Art Materials Market to Reach Estimated Size of RS 521bn by Value by FY28P as per our estimates (Rs Bn)



Source: SMIFS Research Estimates

Fig 8: Raw Material Composition

Component	Pens (%)
Plastic	20–30%
Tips	13–15%
Ink	10–12%
Packaging	18–20%
Processing / Moulding / Decoration / Branding	Balance

Component	Pencils (%)
Wood (Cedar / Poplar / Basswood)	30–35%
Graphite + Clay (Lead Core)	18–22%
Lacquer / Paint & Coating	10–12%
Ferrule (Metal) + Eraser	8–10%
Packaging	12–15%
Processing / Moulding / Decoration / Branding	Balance

Component	Erasers (%)
Rubber / PVC / TPR Compound	45–55%
Plasticizers & Additives	10–15%
Fillers (Calcium Carbonate, etc.)	8–12%
Packaging	15–18%
Processing / Moulding / Decoration / Branding	Balance

Component	Crayons (%)
Wax (Paraffin / Microcrystalline)	40–45%
Pigments & Dyes	15–18%
Plasticizers & Additives	8–10%
Paper Wrapper / Label	8–10%
Packaging	15–18%
Processing / Moulding / Decoration / Branding	Balance

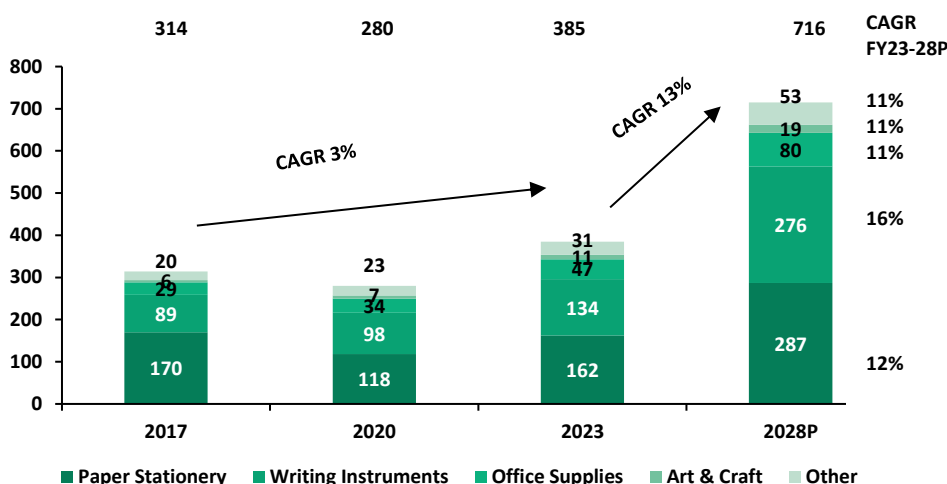
Source: Company, SMIFS Research

Industry Overview

Stationery: A Mature Category with Structural Growth Levers

The stationery and art materials industry comprises a wide range of products, including paper stationery, writing instruments, scholastic and office supplies, adhesives, and art & craft materials. At a global level, the category is mature, characterised by steady replacement-driven demand and low-to-mid single digit growth.

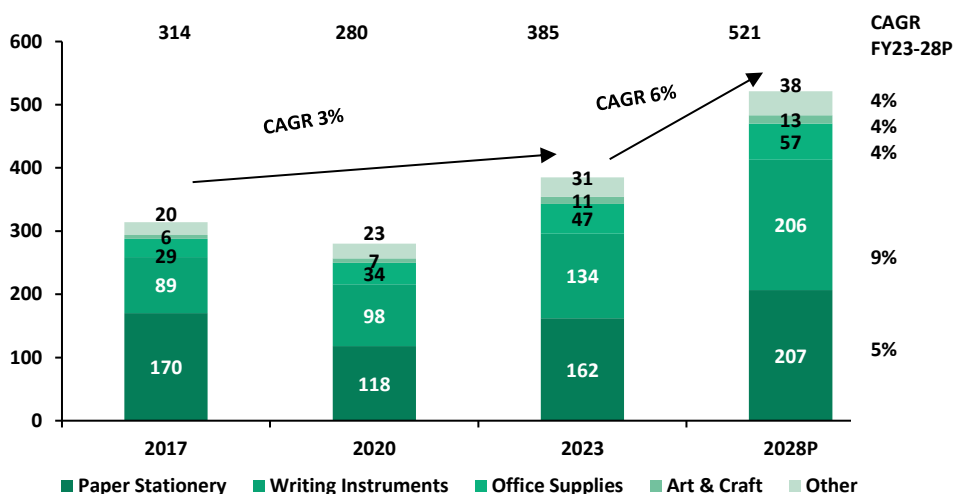
Fig 9: India's Stationery and Art Materials Market to Reach Estimated Size of Rs 716bn by Value by FY28P, as per Technopak Analysis (Rs bn)



Source: DOMS DRHP, SMIFS Research

However, beneath this apparent maturity, **meaningful variation exists across regions and sub-segments**, creating pockets of structural opportunity. India stands out as one of the more attractive markets within this global landscape, supported by favourable demographics, rising literacy levels and increasing formalisation of consumption. As per Technopak Analysis, the domestic market, currently estimated at ~Rs385 bn, is expected to scale to ~Rs716 bn by FY28P, implying a CAGR of 13% over FY23-FY28P. Importantly, the Indian stationery industry is **not a volume growth story**, with penetration already exceeding 90%. Instead, growth is increasingly driven by **premiumisation, product innovation and market share gains by organised players**.

Fig 10: India's Stationery and Art Materials Market to Reach Estimated Size of Rs 521bn by Value by FY28P as per our estimates (Rs bn)

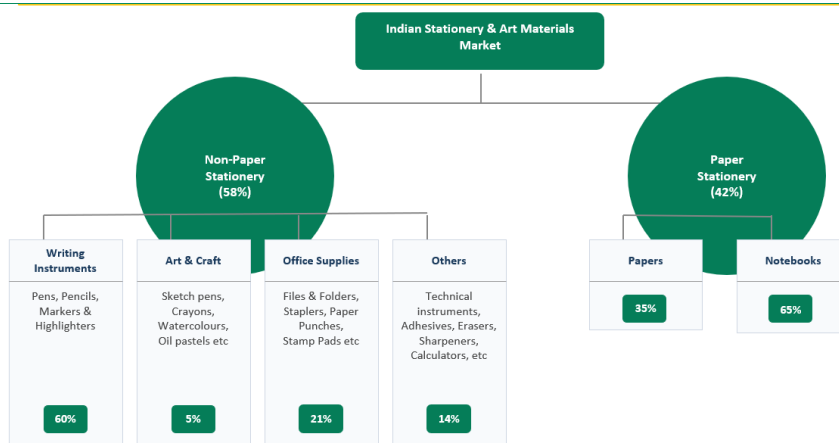


Source: SMIFS Research Estimates

Our view, however, is that the industry growth trajectory is likely to be more moderate than the 13% CAGR implied by the Technopak estimate. While structural drivers such as premiumisation, product innovation and formalisation remain intact, near-to-medium term demand visibility appears relatively stable rather than acceleration-led. With penetration levels already high and demand largely replacement-driven, incremental growth is increasingly linked to pricing, mix improvement and organised share gains rather than meaningful volume expansion.

Accordingly, we build in a more conservative industry growth assumption of ~6% CAGR over the medium term, broadly in line with the historical growth observed during FY17–23 (~3%) and reflective of a mature consumption category with steady but non-cyclical demand.

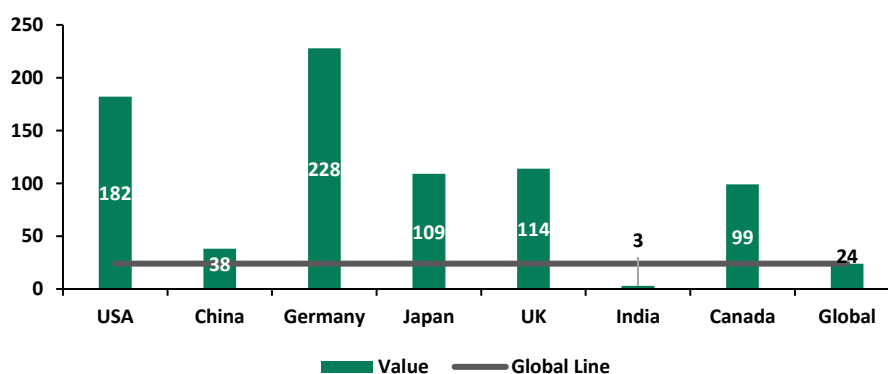
Fig 11: Stationery and Art Materials Market Segmentation in India as on FY23



Source: Industry, DOMS DRHP

Low Per Capita Consumption Indicates Long-Term Growth Potential

Fig 12: Per Capita Consumption of Stationery by Value in CY22 (in USD)



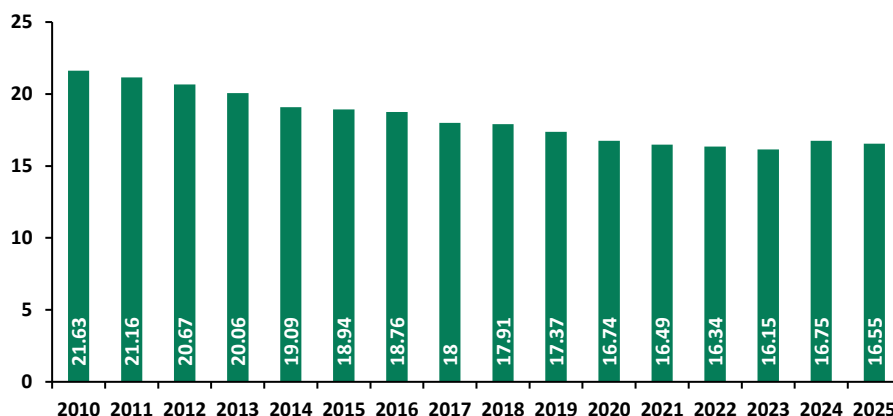
Source: DOMS DRHP, SMIFS Research

Despite strong category penetration, India’s per capita stationery expenditure remains significantly lower than global benchmarks, highlighting substantial long-term growth potential. India currently spends ~US\$3 per capita on stationery, compared with ~US\$24 globally. This gap reflects lower spending intensity per consumer, limited penetration of premium products and underdeveloped organised retail presence in smaller towns. As disposable incomes rise and consumer preferences shift towards branded and higher-value products, per capita consumption is expected to increase gradually, supporting sustained industry growth.

Birth rate trends in India: a moderating but still supportive demographic base for stationery demand

Fig 13: Birth Rate Trends in India

(per 1000 people)



Source: Macrotrends, SMIFS Research

India's birth rate has been gradually declining over the past decade, reflecting rising urbanisation, improved female education and increased family planning awareness. However, the country continues to add a large number of school-age children annually, sustaining a structurally strong demand base for scholastic stationery.

The crude birth rate in India has declined from ~21–22 births per 1,000 population in 2013 to ~19 per 1,000 in 2023, while the total fertility rate (TFR) has fallen to ~2.0, approaching the replacement level. Despite this moderation, India remains one of the largest student populations globally, with ~250–260 million school-going children, ensuring continued baseline consumption of notebooks, writing instruments and related supplies.

From an industry perspective, the gradual decline in birth rates is unlikely to materially impact near-term stationery demand, as population momentum and improving school enrolment rates continue to support volume growth. Over the long term, demand growth is expected to increasingly depend on per-student consumption, premiumisation and product diversification, rather than purely demographic expansion.

Fig 14: Demand for Stationery and Art Material Products by Educational Level

Stationery Product Category	Preschool / Kindergarten	Elementary School (Class I–V)	Middle School / Junior High (Class VI–X)	High School (Class XI–XII)	College / University
Scholastic stationery	✓	✓	✓	✓	✓
Office stationery	–	–	–	✓	✓
Pens & Writing Instruments	–	–	✓	✓	✓
Paper stationery	–	–	✓	✓	✓
Adhesives stationery	–	✓	✓	✓	✓
Scholastic art material	✓	✓	✓	✓	–
Fine art products	–	–	–	✓	✓
Hobby and craft	✓	✓	✓	✓	✓

Source: DOMS DRHP, SMIFS Research

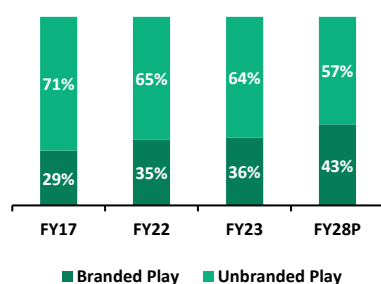
Fig 15: Demand for Stationery and Art Material Products by Different Age Groups

Stationery Product Category	Children (5–12)	Teenagers (13–19)	Young Adults (20–29)	Middle-aged Adults (30–59)	Seniors (60+)
Scholastic stationery	✓	✓	✓	–	–
Office stationery	–	–	✓	✓	–
Pens & Writing Instruments	–	✓	✓	✓	✓
Paper stationery	✓	✓	✓	✓	✓
Adhesives stationery	–	✓	✓	✓	✓
Scholastic art material	✓	✓	–	–	–
Fine art products	–	✓	✓	✓	✓
Hobby and craft	✓	✓	✓	✓	✓

Source: DOMS DRHP, SMIFS Research

Stationery demand spans multiple age cohorts and education levels, with scholastic and writing products exhibiting the widest consumption across segments. While demand is anchored by school-age children, categories such as office stationery, fine art and hobby products see increasing relevance in higher education and working-age populations, supporting category diversification beyond core scholastic use.

Fig 16: Branded Players to Control 43% of Stationery and Art Materials Market in India by FY28P



Source: DOMS DRHP, SMIFS Research

Branded Players Continue to Gain Share

As per Technopak Analysis, the Indian stationery market remains partially fragmented, with a significant presence of unorganised and regional manufacturers. However, the industry has been undergoing a gradual shift towards organised and branded players.

The share of branded products has increased steadily over the past decade and is expected to continue expanding, supported by:

- Implementation of GST and compliance requirements
- Rising consumer preference for quality and reliability
- Expanding distribution reach of organised players
- Increasing penetration of modern retail and e-commerce

As a result, organised players are structurally positioned to capture incremental market share over time, reinforcing revenue visibility and margin stability.

Indian Stationery Industry: Structure Matters More Than Size

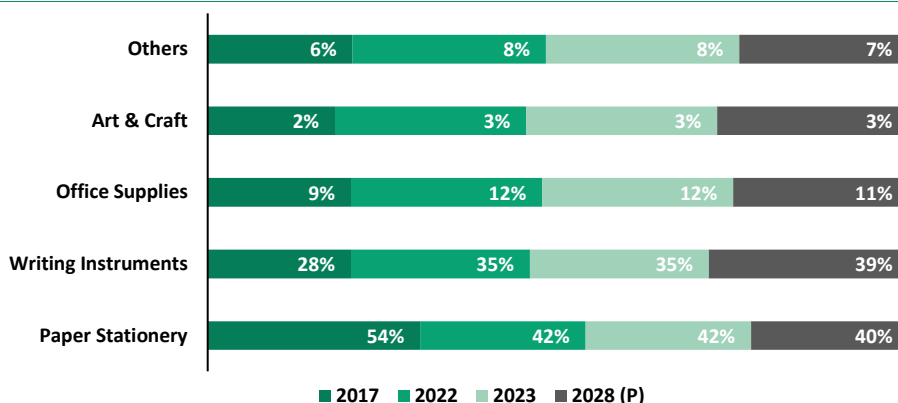
As per Technopak Analysis, the Indian stationery industry is best analysed through its structural composition rather than aggregate size. Broadly, the market comprises:

- **Paper stationery**, including notebooks, registers and printing & writing paper
- **Non-paper stationery**, comprising writing instruments and art & creative materials

Paper stationery continues to remain **highly fragmented and commoditised**, with a significant presence of unorganised and regional players. Competitive intensity is high, differentiation is limited, and pricing power remains weak. As a result, margin profiles in this segment are structurally lower and returns are more volatile.

In contrast, **non-paper stationery offers structurally superior economics**. Writing instruments and art materials benefit from stronger brand recall, higher product differentiation, manufacturing complexity and distribution intensity. These factors have supported **higher margins, better return ratios and more durable competitive positions** for organised players. This divergence has meaningfully influenced capital allocation decisions, with leading companies increasingly prioritising non-paper categories for growth and investment.

Fig 17: Category Wise Share in Stationery Market



Source: SMIFS Research

Where the Money Is: Non-paper Stationery Does the Heavy Lifting

As per Technopak Analysis, non-paper stationery accounts for ~50% of the overall market, with writing instruments alone forming ~45% of this segment. Unlike paper products, this segment benefits from:

- Higher gross margins and return ratios
- Meaningful brand recall and repeat purchase behavior
- Entry barriers through manufacturing integration, quality control and distribution scale

Pens dominate the writing instruments market (~65% share), followed by pencils and markers. Importantly, organized players control ~75–80% of pens, making it one of the rare FMCG-like categories within consumer durables where brands already command the bulk of demand

This has allowed leading players to grow faster than the category by gaining share rather than relying solely on volume growth.

Industry Structure: Two Markets Under One Roof

As per Technopak Analysis, over the past decade, the Indian stationery industry has witnessed a **gradual but consistent shift from unorganised to organised players**, particularly in non-paper segments. Improved retail penetration, wider product availability, better quality standards and stronger brand communication have supported this transition.

Writing instruments stand out as one of the most organised segments within the broader stationery category, with branded players accounting for ~75–80% of industry value. This level of formalisation limits the scope for sudden market expansion but supports **predictable, execution-led growth**, favouring scaled incumbents with established brands and distribution networks.

Industry characteristics vary sharply across sub-segments. Paper stationery continues to exhibit:

- High unorganised participation
- Limited product differentiation
- Weak pricing power and returns

In contrast, writing instruments and art materials benefit from:

- Lower unorganised intensity
- Higher entry barriers driven by tooling, R&D, branding and quality requirements
- Superior margin and return profiles

This divergence explains why organised players consistently focused capital allocation and innovation efforts on non-paper categories have, while maintaining a calibrated presence in paper stationery largely for portfolio completeness.

Fig 18: Major Stationery Players and Associated Brands

Company	Key Brands	Logos
Hindustan Pencils	Natraj, Apsara	
DOMS Industries	DOMS, C3, Amariz, Fixy Fix, Wowper, Skido	
Kokuyo Camlin	Camel, Camlin	
Flair Writing Industries	Flair, Hauser, Pierre Cardin, Flair Creative, Flair Electronics, Hauser Artz	
Luxor Writing Instruments	Luxor, Parker, Waterman, Pilot, Schneider	
Linc Limited	Linc, Pentonic, Uniball, Deli, Swype, Morris	
BIC Cello	Unomax	
Rorito (Garner Group)	Rorito	

Source: Company, SMIFS Research

Growth Is No Longer About Penetration—It’s About Premiumisation

As per Technopak Analysis, with stationery penetration exceeding 90%, **category growth is no longer penetration led**. Instead, growth is driven by:

- Gradual share gains by organised players
- Product mix upgrades within existing users

Writing instruments stand out as one of the most organised segments within consumer discretionary categories, with branded players accounting for ~75–80% of industry value. This high level of formalisation limits the scope for abrupt market expansion but supports **predictable, execution-led compounding** for scaled players.

Unlike FMCG categories such as personal care or packaged foods, stationery players have **limited pricing power** and lower gross margins. However, premiumisation still plays out through **mix upgrades, innovation and better shelf presence**, rather than outright price hikes.

In effect, stationery is not becoming expensive, but it is becoming *better*.

Fig 19: Price Segmentation of Pencils in India and their Market Share (by Value in FY23)

Segmentation of Pencils in the Indian market			
Segments	Price Points	Market Share by Value	Leading Players
Mass Market	Up to RS 5	85%	DOMS, Hindustan Pencils
Premium	RS 5 – RS 20	14%–15%	DOMS, Kokuyo Camlin, Hindustan Pencils
Super Premium	> RS 20	< 1%	Faber Castell, Staedtler

Source: DOMS DRHP, SMIFS Research

Fig 20: Price Segmentation of Pens in India and their Market Share (by Value in FY23)

Segmentation of Pens in the Indian market			
Segments	Price Points	Market Share by Value	Leading Players
Mass Market	Up to RS 15	80%	Linc, Flair, Cello
Premium	RS 15 – RS 400	16%	Luxor, Cello, Flair
Super Premium	> RS 400	4%	Parker, Montblanc

Source: DOMS DRHP, SMIFS Research

Competitive Landscape: Concentrated Where It Matters

Industry structure varies sharply by sub-segment:

- **Pencils are effectively duopolistic**, with two players controlling >80% of the market
- **Pens are competitive but brand-led**, with a clear separation between organized and unorganized players
- **Art & creative materials have high entry barriers** due to quality sensitivity and SKU complexity

What distinguishes winners from laggards is not just brand, but **control over manufacturing and distribution**. Players with backward integration, in-house moulding, nib/ink capabilities and wide general trade reach are structurally better placed to defend margins and scale adjacencies.

Over the past decade, market share gains have consistently accrued to players who combined:

- Product innovation at accessible price points
- Cost control through in-house manufacturing
- Deep distribution in general trade (GT), which still accounts for ~70–80% of industry sales

Fig 21: Presence of Key Players in Different Categories

Player	Notebooks	Papers	Pens	Pencils	Marker & Highlighters	Technical Instruments	Office Supplies	Basic Arts	Fine Arts	Eraser	Sharpener	Adhesives	Others
DOMS	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Flair			✓	✓	✓	✓		✓		✓	✓	✓	✓
Kokuyo Camlin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Hindustan Pencils			✓	✓		✓		✓		✓	✓		✓
Navneet	✓	✓		✓		✓		✓	✓	✓	✓	✓	✓
Luxor	✓		✓		✓			✓		✓			✓
Linc			✓	✓	✓	✓		✓		✓	✓		✓
Rorito	✓		✓	✓	✓			✓					
BIC Cello			✓	✓	✓	✓		✓		✓	✓		
ITC Stationery	✓	✓	✓	✓		✓		✓		✓	✓		✓
Kangaro							✓						

Source: DOMS DRHP, SMIFS Research

Note – Technical instruments include mathematical instrument boxes and individual technical instruments such as protractor, T-square etc.,

Office supplies include staplers, paper punches, stamp pad and inks, files and folders etc. Basic arts products include crayons, oil pastels, sketch pens, poster colours etc. and fine arts products include water colours for artist, gouache colours, artist brushes, canvas board etc.

Others include calculators, scissors, chalks, chalk holders, desk organiser, exam board, refills, ink bottles etc.

Distribution and Manufacturing: Key Competitive Enablers

Distribution reach remains a critical success factor in the Indian stationery industry, with ~70–80% of sales routed through general trade. Scale, depth and efficiency in distribution directly influence shelf presence, replenishment cycles and market share stability.

Equally important is **backward integration in manufacturing**, covering areas such as moulding, ink formulation, nib manufacturing and assembly. Players with in-house manufacturing capabilities benefit from cost control, quality consistency and faster innovation cycles, enabling them to protect margins while scaling volumes.

Together, **distribution strength and manufacturing depth** form the core competitive moat for leading stationery companies.

Fig 22: Key Stationery Players: Manufacturing, Distribution and Retail Presence

Parameter	Flair	DOMS	Hindustan Pencils	Camlin	Luxor	Linc	BIC Cello
Scale & Presence							
Domestic Presence	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India
International Presence	115+ countries	55+ countries	50+ countries	20+ countries	106+ countries	40+ countries	17+ countries
Exports (% of Revenue)	17.5%	13%	10–12%	3.40%	~30%	17.3%	1.4%
Workforce	7,400+	12,500+	4,000	1,165	~2,500	1,060+	5,700+
Manufacturing & Capacity							
Manufacturing Facilities	11 facilities (Gujarat, Dehradun, Daman & Diu, Naigaon)	18 facilities	10 factories across 5 locations in India	3 units (Patalganga, Tarapur, Samba – J&K)	8 facilities in India	Units in Umbergaon (Gujarat) & Serakole (West Bengal)	14 facilities
In-house Manufacturing	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Manufacturing Capacity (units/year)	~2.4 bn units pens	Pencils: ~2000mn, Crayons: 1,058mn, Mathematical Instrument Box: 15 mn, Water Colour Pens: 80-90mn packs, Erasers: 650 mn, Exercise books: 3600 MT paper capacity, Polymer Pencils: 450mn, Sharpeners: 420mn, Ball Point Pens: 1095mn, Drawing & Sketch Book: 7.56mn, Markers: 43.5mn, Water Colour Cakes: 122.4mn	8.5 mn pencils, 1.7 mn sharpeners, 2.7 mn erasers, 0.2 mn scales, 1 mn pens daily	~1.5 bn units	~1.5 bn units	~0.7 bn units	Annual capacity of 20,000 tonnes
Distribution Strength							
Super Stockists	166+	130+ & 95+ (Uniclan)	~31	NA	~120	NA	29
Distributors	8,000+	5,900+ & 1,300+ (Uniclan)	~2,500	2,600+	5,000+	4,400+	4,000+
Retail Reach	~330,000 outlets	~1,45,000 & 45,000 + (Uniclan) outlets	~3,50,000 outlets	NA	~98,000+ outlets	~260,000 outlets	~1,50,000 outlets

Source: Company, SMIFS Research

Trends in the Indian stationery industry

Regulatory Tailwinds: GST Rationalisation

Recent GST revisions (effective 22 September 2025) have restructured the tax framework for educational stationery:

- Core scholastic items moved to **0% tax**
- Geometry/math sets reduced to **5% (from 12%)**
- Branded pens remain at **18%**
- Premium/luxury stationery moved to **40%**

These changes improve affordability for essential products and support **volume growth in core scholastic categories**, particularly in price-sensitive markets.

From an industry perspective, GST rationalisation is expected to:

- Accelerate formalisation
- Improve competitiveness of branded products
- Enhance demand visibility

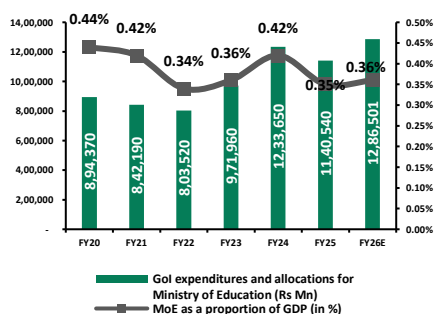
Why this matters for DOMS and Flair: The GST revisions are structurally positive for both DOMS and Flair, albeit through slightly different channels.

DOMS stands to benefit more directly, given its higher exposure to **scholastic stationery and art materials**, where tax cuts improve affordability and can drive **volume growth and deeper penetration**, particularly in Tier 2/3 markets. This also strengthens its positioning in entry- and mid-segment products, where price sensitivity is higher.

Flair, while more skewed towards **writing instruments (pens)** where GST remains unchanged, benefits indirectly through **increased footfall and category growth in stationery retail**, as well as from **formalisation and share gains** in an improving demand environment.

Overall, the revised tax structure supports **volume visibility, accelerates organised market share gains, and reinforces long-term growth for branded players**, with DOMS being the primary beneficiary and Flair gaining through broader category tailwinds.

Fig 23: Budget Allocation for Education Sector (Rs mn)



Source: MOE, SMIFS Research

Fig 24: GST on Stationery Products

Category	Old GST Rate	New GST Rate	Comments
Notebooks, Exercise Books, Graph Books, Lab Books	12%	0% (Nil)	Now tax-free; big relief for students/parents
Pencils (wood/graphite)	12%	0% (Nil)	Tax removed; benefits DOMS, Hindustan Pencils
Sharpener, Erasers	5–12%	0% (Nil)	Made completely tax-free
Crayons, Pastels, Charcoal	12%	0% (Nil)	Encourages art/craft use
Printed Maps, Atlases, Globes	12%	0% (Nil)	Shifted to essential education goods
Geometry Boxes, Color Boxes, Math Sets	12%	5%	Still taxed, but at a lower rate
Other Premium/Non-Essential Stationery	18%	18% (unchanged)	Mid/premium pens, office supplies remain in higher bracket
Luxury / Gift Stationery (High-end sets, premium imports)	28% (with cess)	40% (new luxury slab)	Treated like luxury goods

Source: SMIFS Research

- Accelerating **urbanisation in India**, along with **rising disposable incomes**, has supported demand growth for stationery products, particularly across education and office-use categories.
- Consumer preferences are gradually **shifting towards premium**, branded and customised stationery, aided by greater social media influence and aspirational purchasing behaviour.
- **Increasing participation of organised players** in the stationery market has contributed to improvements in product quality, branding and the adoption of more structured marketing strategies.
- Policy support through initiatives such as **Make in India**, alongside stricter enforcement of **Bureau of Indian Standards (BIS) norms**, has strengthened domestic manufacturing while improving overall product standards.
- **Government-led education-focused programmes**, including PM SHRI Schools, Samagra Shiksha, SWAYAM Plus, the PM-Vidyalaxmi Scheme and the New Education Policy, continue to support education spending and provide financial assistance, thereby underpinning long-term demand for stationery products.

Looking ahead, the Indian stationery industry is expected to witness steady growth, supported by higher education spending and the continued introduction of new and innovative products.

Indian Stationery Industry: Stable Growth Supported by Education-Led Demand and Formalisation

The Indian stationery industry continues to exhibit steady structural growth, supported by a large education ecosystem, recurring demand characteristics and the gradual shift towards organised players. Demand visibility remains strong given the essential nature of core scholastic products. India has approximately **30 crore students enrolled across schools, colleges and skill programmes**, making education the largest demand driver for stationery consumption.

Urbanisation, improving household incomes and increasing brand penetration are supporting steady consumption across both education and office-use segments. At the same time, expansion of organised distribution networks and branded offerings is accelerating the shift from unorganised to organised players.

Overall, industry growth remains volume-led, supported by a large student base and predictable replacement-driven demand.

Key Demand Drivers: Recurring Consumption Anchored to the Education Ecosystem

Demand for stationery products in India is supported by structural and recurring consumption drivers, primarily linked to school enrolment, academic cycles and education spending.

Key Demand Drivers include:

- **~30 crore students** forming one of the largest education ecosystems globally
- Education institutions representing the **largest end-user segment** for stationery demand
- Stable replacement demand across core categories such as notebooks, pencils and pens
- Expansion of private education and coaching centres
- Growth in disposable incomes and urban consumption
- Increasing participation in creative and hobby-related activities

These factors collectively support **predictable demand cycles** and relatively low demand volatility compared to discretionary consumer categories.

Growth Drivers: Medium-Term Structural Tailwinds Remain Intact

Education infrastructure expansion

Continued investments in schools and higher education institutions are expected to sustain demand for scholastic supplies. Growth in student enrolment and institutional capacity remains a key structural driver of stationery consumption.

Demographic advantage

India's large and growing student population provides a long-term demand base for stationery products, with education continuing to dominate category consumption.

Premiumisation and brand shift

Consumers are gradually shifting towards branded and higher-quality products, supporting value growth within the organised segment and improving realisations.

Category expansion beyond core writing products

Creative and art stationery segments are growing faster than traditional categories, supported by rising participation in hobby and skill-based activities.

Organised market penetration

Increasing presence of national brands and structured distribution networks is driving gradual formalisation of the industry.

Multiple Structural Catalysts Support Industry Growth

Demand for stationery in India is supported by a combination of demographic, economic and policy-driven factors.

Fig 25: Structural Drivers Underpinning Stationery Demand

Category	Demand Driver	Mechanism of Impact on Stationery Demand	Industry Implication
Direct			
Education-led (Structural)	Private Coaching & Tuitions	Higher academic intensity increases consumption of notebooks, pens and practice materials	Sustains recurring demand, particularly in urban and competitive academic markets
Income & Consumption	Rising Disposable Income / Impulse Purchases	Higher spending capacity supports discretionary purchases of stationery and school supplies	Drives premiumisation and higher per-student spending
Government Literacy Programs	New India Literacy Initiatives	Expands access to basic education and learning materials	Increases penetration of entry-level stationery products, especially in rural markets
Government Education Schemes	Samagra Shiksha	Provision of school supplies to students through public education programs	Ensures stable baseline demand across government schools
Indirect			
Creative Learning Trends	Arts & Crafts Adoption	Rising focus on creative learning and hobby-based activities	Expands demand for colour, craft and activity-based categories
Lifestyle & Gifting Trends	Gifting & Themed Stationery	Increasing preference for aesthetic, personalised and branded stationery	Supports premium product mix and margin expansion
Education Infrastructure	Policy Reforms & School Investments	Investments in school infrastructure and educational access	Improves long-term demand visibility and category penetration
Curriculum Reform	NEP 2020 Implementation	Emphasis on experiential and activity-based learning models	Structural increase in multi-category stationery consumption
Foundational Education Focus	NIPUN Bharat Mission	Focus on foundational literacy and numeracy in early grades	Drives demand for early-learning and scholastic stationery products

These factors collectively create a diversified and resilient demand ecosystem for the stationery industry.

Input Cost Volatility

For **pens and pencils**, the key raw materials are largely petrochemical derivatives, metals and wood-based inputs. The following commodities have the biggest impact on margins and pricing:

Fig 26: Raw Material Overview: Usage and Cost Impact

Commodity	Usage	Impact on Companies
Crude Oil	Base for PP, PE, ABS plastics used in barrels, caps, refills	Most important driver; higher crude raises plastic costs
Polypropylene (PP)	Pen barrels, caps, components	Major cost item for ball pens and gel pens
ABS Plastic	Premium pens and mechanical pencils	Impacts premium product margins
Copper	Pen tips, nibs, brass components	Higher copper prices increase metal component costs
Brass	Ball pen tips and precision components	Key for writing quality; linked to copper and zinc prices
Stainless Steel	Premium pens, fountain pen nibs, steel bottles (Flair Cyrosil)	Relevant for premium portfolio
Graphite	Pencil lead core	Key raw material for pencils
Wood (Basswood/Cedar/P oplar)	Pencil slats	Impacts pencil manufacturing costs; affected by timber prices and imports
Clay/Kaolin	Mixed with graphite in pencil lead	Secondary input
Aluminium	Premium pen bodies and packaging	Minor but relevant in premium segments
Paper & Packaging Board	Boxes, notebooks, cartons	Affects packaging costs
Ink Chemicals & Solvents	Ball pen and gel inks	Linked to crude derivatives and specialty chemicals

Key Commodity Sensitivities

Crude oil for PP/ABS prices: Biggest driver for pen manufacturers; 50–60% of pen cost can be polymer-related.

Graphite and wood prices: Most critical for pencil makers like DOMS.

Copper and brass prices: Affect pen tips and metal parts.

Steel prices: Important for premium pens and steel bottle businesses.

Freight and currency movements: Matter because several components and pigments are imported.

Company-specific exposure

Flair Writing: Highest sensitivity to **PP, ABS, brass, copper, ink chemicals**, and stainless steel (Cyrosil business).

DOMS: Greater exposure to **wood, graphite, pigments, and polymers**, given its large pencil and scholastic products portfolio.

Luxor: Higher exposure to premium pen components and imported materials.

Industry Operating Environment

While the long-term demand outlook remains stable, the industry operates within a dynamic environment shaped by evolving consumer behaviour and cost pressures. Key structural factors influencing the operating environment include:

Fig 27: Key Industry Challenges and Their Implications

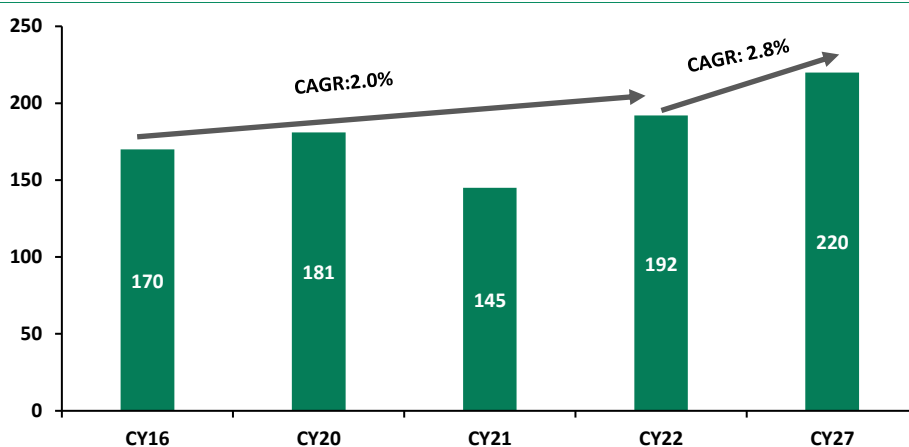
Challenge Category	Key Factor	Nature of Impact	Mechanism of Impact on Industry	Industry Implication
Input Cost Volatility	Raw Material Inflation	Cost Pressure	Rising prices of key inputs such as paper, plastic and packaging materials increase manufacturing costs	Margin pressure in the near term; typically managed through calibrated price hikes and cost efficiencies
Sustainability Trends	Environmental Awareness	Structural Demand Moderation	Growing focus on sustainability and reduced paper usage encourages digital alternatives and eco-friendly consumption	Gradual shift towards recycled and sustainable product offerings; limited near-term volume impact
Technology Substitution	Digitalization of Learning	Structural Demand Risk	Increased use of digital devices and online learning tools reduces reliance on traditional paper-based stationery	Moderates long-term demand growth, particularly in higher education segments
Channel Competition	E-commerce & Online Marketplaces	Pricing & Competitive Pressure	Online platforms enable price transparency and intensify competition among brands and unorganized players	Drives pricing discipline, promotional intensity and margin normalization across categories

While the Indian stationery market benefits from structural demand tailwinds, rising input costs, digital substitution and channel competition remain the key factors shaping profitability and long-term growth dynamics. In response, organised players are increasingly focusing on operational efficiency, product innovation and distribution optimisation.

Global Context: India Is Small but Scaling Fast

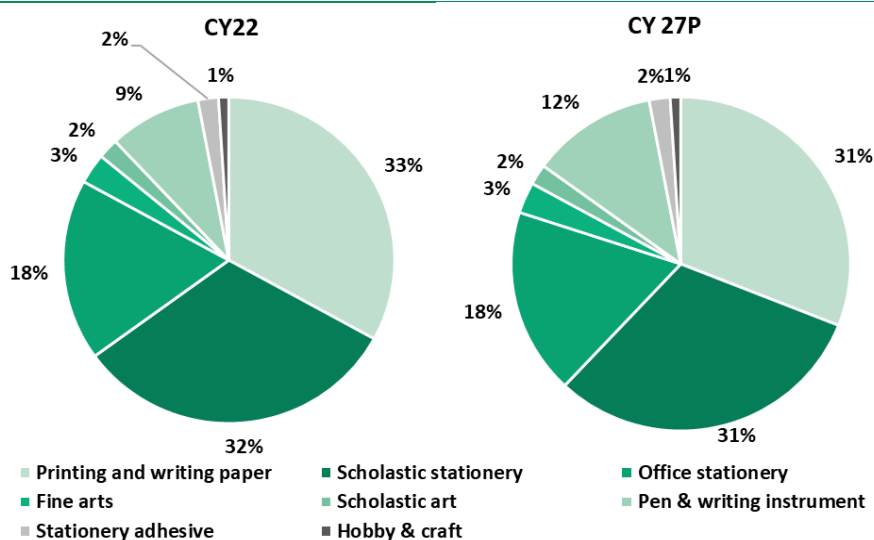
As per Technopak Analysis, Globally, the stationery industry was valued at ~USD 192 bn in CY22 and is expected to reach ~USD 220 bn by CY27, implying a CAGR of ~2.8%. Demand remains closely linked to education levels, workforce participation and discretionary spending, with Asia-Pacific emerging as the fastest-growing region, supported by favourable demographics and expanding education infrastructure. While North America and Europe continue to account for a large share of global consumption, growth momentum has increasingly shifted towards emerging markets.

Fig 28: Global Market Size for Stationery Product Market (USD bn)



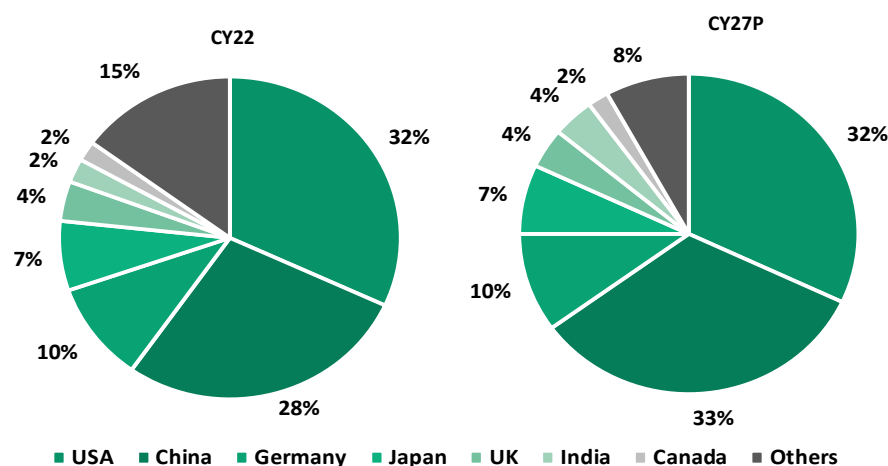
Source: DOMS DRHP, SMIFS Research

Fig 29: Share of Global Stationery and Arts Materials Market Categories (%) in CY22 & CY27P



Source: DOMS DRHP, SMIFS Research

Fig 30: Global Market Share by Geography in the Stationery and Art Materials Industry



Source: DOMS AR25, SMIFS Research

Growth drivers:

R&D and Product Innovation: For catering to the modern consumers, many key players in the global stationery industry are trying to come up with more innovative products by ramping up their R&D investments. The products include digital notebooks, erasable pens, etc.

Personalised Stationery: The popularity of personalized or customized stationery such as products with initial engraving, bespoke design and ergonomic features specific to individual needs has increased over the years. The global personalised stationery industry is expected to reach a market size of USD 19.32 Bn by CY 2032.

Growing demand for higher education: Higher education demand is anticipated to experience significant growth, with a CAGR of 10.1% from 2025 to 2029, driving demand for stationery products.

Expansion of Online channels and Retail Industry: The global retail industry is expected to experience massive growth at a CAGR of 7.65% from 2025 to 2030. Online channels have also grown significantly over the years. Both are driving wider global accessibility, thereby increasing the demand in global stationery industry.

Fig 31: Leading Global Stationery Brands

Company	Geographic Presence	Manufacturing Footprint	Positioning
Newell Brands	200+ countries	Global manufacturing & sourcing network	Diversified consumer giant; mature market exposure
Shanghai M&G Stationery	50+ countries	~10 manufacturing facilities	High-growth Asian integrated stationery leader
Kokuyo Co., Ltd.	Strong Asia footprint	Integrated Asia manufacturing facilities	Notebook & office stationery focused regional major
ACCO Brands	100+ countries	Global manufacturing & sourcing	Office-focused mature stationery player
F.I.L.A. Group	150+ countries	~22 manufacturing plants	Global creative & fine-art materials leader
Faber-Castell	120+ countries	14 factories globally	Premium pencils & art heritage brand
Crayola	80+ countries	US-led manufacturing + global sourcing	Category-defining children's art brand
Staedtler	150+ countries	~7 production sites	Premium technical & drafting products
Maped	120+ countries	~3 integrated plants	School-focused mid-premium stationery brand
Muji (stationery segment)	~31 countries	Mixed sourcing model	Design-led lifestyle stationery

Source: Company, SMIFS Research

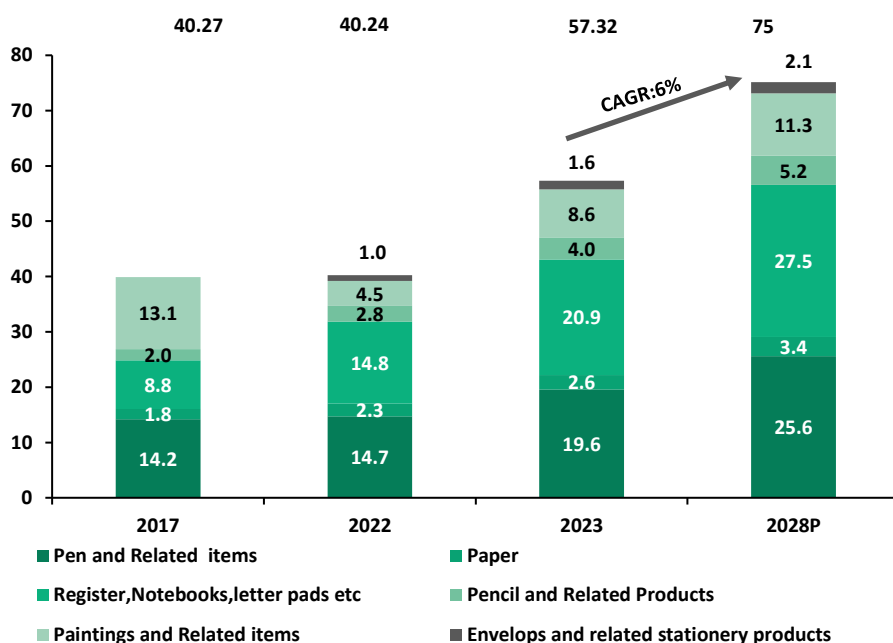
Within this global landscape, **India stands out as one of the most structurally attractive markets**, supported by a large student population, rising literacy levels and increasing formalisation of consumption. Importantly, India's stationery market is not driven by penetration-led growth, penetration already exceeds 90%, but by **premiumisation, product innovation and market share gains by organised players**.

Globally, the stationery and art materials market is mature, growing at ~3% CAGR. India currently accounts for a low single-digit share of the global market, but is among the **fastest-growing regions**, aided by rising education levels, premiumisation and export opportunities under the China+1 strategy.

Exports remain a long-term optionality rather than a near-term growth engine, but they meaningfully improve asset utilization and product learning curves for scaled manufacturers.

Export of India's stationery and art materials: As per Technopak Analysis, India has become one of the major exporting nations in recent decades, lifting the Indian economy to new heights. India has a thriving stationery and art materials industry, and there are several opportunities for the country to become an export hub for stationery products. India exports most of its stationery products to United States, United Kingdom, and United Arab Emirates. Indian stationery and art material exports were valued at ~RS 57.32bn in FY23. Registers, notebooks, letter pads, etc., and pen and related items constituted ~36% and ~34% respectively of India's stationery exports market; Painting and related items, Pencil and related items, and Paper constituted ~15%, ~7% and ~5% respectively.

Fig 32: Export of Stationery Products by Value (Rs bn)

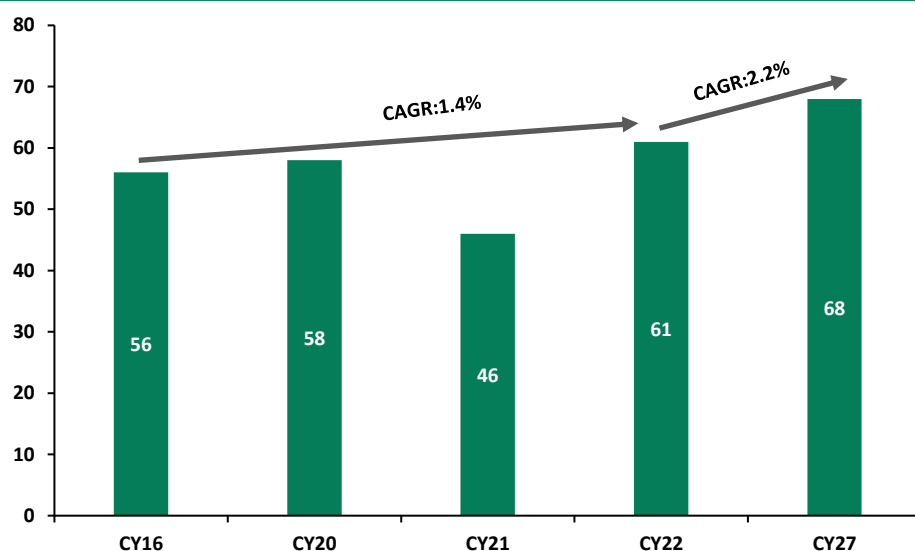


Source: DOMS DRHP, SMIFS Research

Segment-Wise Market

Scholastic stationery

Fig 33: Market Size for the Global School Stationery Product Market (USD bn)

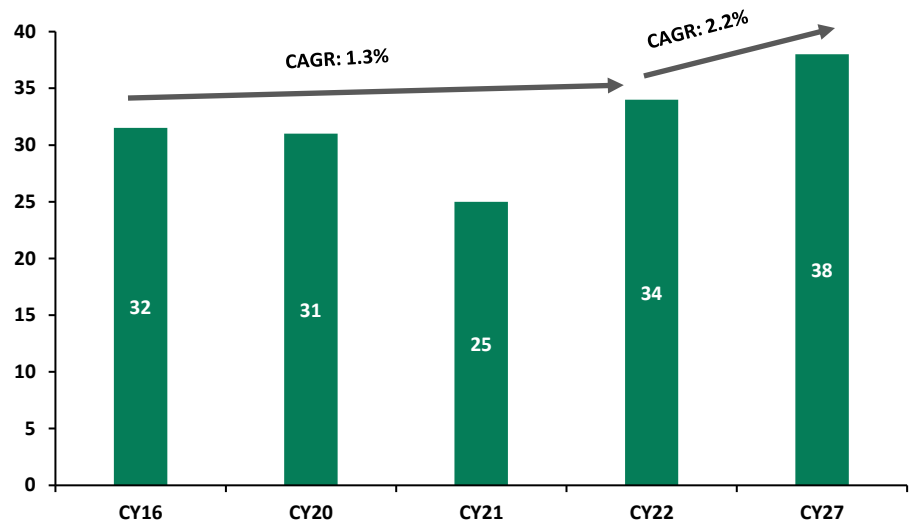


Source: DOMS DRHP, SMIFS Research

As per Technopak Analysis, the global school (scholastic) stationery market was valued at USD 61 Bn in CY22 and is expected to grow at a CAGR of 2.2% from CY22 to CY27, reaching around USD 68 Bn by CY27. School stationery is a core part of the education system and is widely used by students across all age groups. Key products include items such as erasers, sharpeners, sketch pens, and pencil cases. Market growth is supported by population growth, rising education levels, supportive government education policies, and digitalisation trends, which have increased student engagement in self-study, drawing, colouring, and other hands-on learning activities, thereby supporting demand for traditional stationery and art materials.

Office stationery

Fig 34: Market Size for The Global Office Stationery Product Market (USD bn)



Source: DOMS DRHP, SMIFS Research

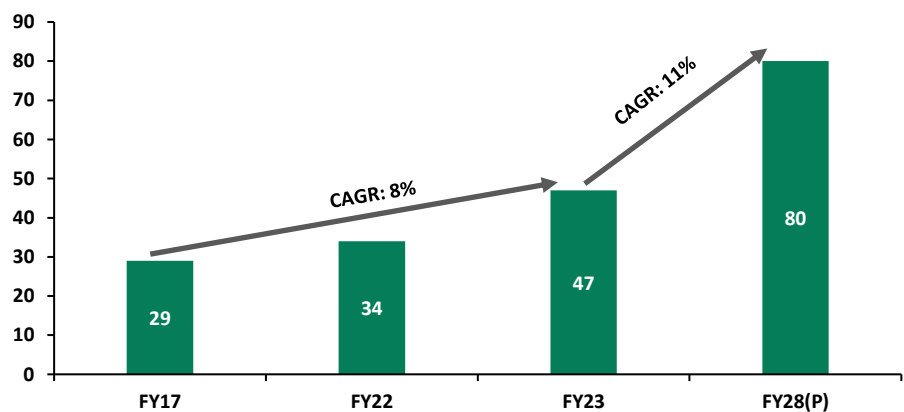
As per Technopak Analysis, office stationery products are used mainly in workplaces for daily operational needs and include common consumables such as staplers, punching machines, sticky notes, paper clips, pen holders, and notepads. Growth in this segment is driven by the rising number of corporate offices worldwide and an expanding working population, particularly in developing countries like India.

As market conditions continue to stabilise after COVID, the office stationery market is expected to see steady growth. The global office stationery market was valued at USD 34 Bn in CY22 and is projected to reach USD 38 Bn by CY27, growing at a CAGR of 2.2% during the forecast period, compared to a CAGR of 1.3% during CY16–CY22.

Indian Context:

As per Technopak Analysis, the Indian office supplies market, comprising products such as files and folders, staplers, and paper punches, was estimated at Rs47bn in FY23. It is projected to expand at a 11% CAGR through FY28, taking the market size to Rs80bn.

Fig 35: Indian Office Supplies Market by Value (Rs bn)



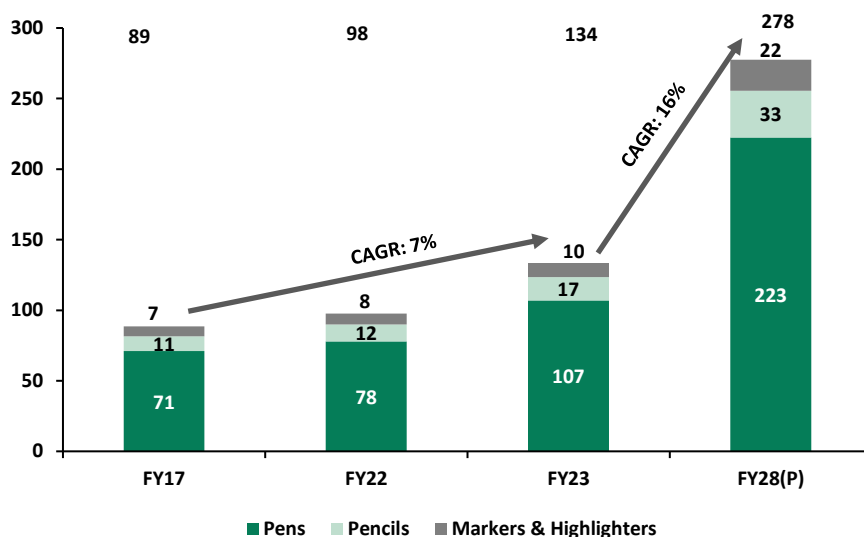
Source: DOMS DRHP, SMIFS Research

Pen and Writing Instruments stationery

The writing instruments category includes products such as pencils, oil-based and water-based ball pens, fountain pens, gel pens, markers, highlighters, and other related items.

As per Technopak Analysis, the Indian writing instruments market, comprising pens, pencils, markers, and highlighters, stood at Rs133.5bn in FY23 and is projected to expand to Rs277.5bn by FY28P, implying a 16% CAGR. Pens form the largest category with 80% share (Rs107bn), while pencils contribute 12% (Rs16.5bn) and markers and highlighters account for the remaining 8% (Rs10bn) respectively as of FY23.

Fig 36: Indian Writing Instrument by Value (Rs bn)



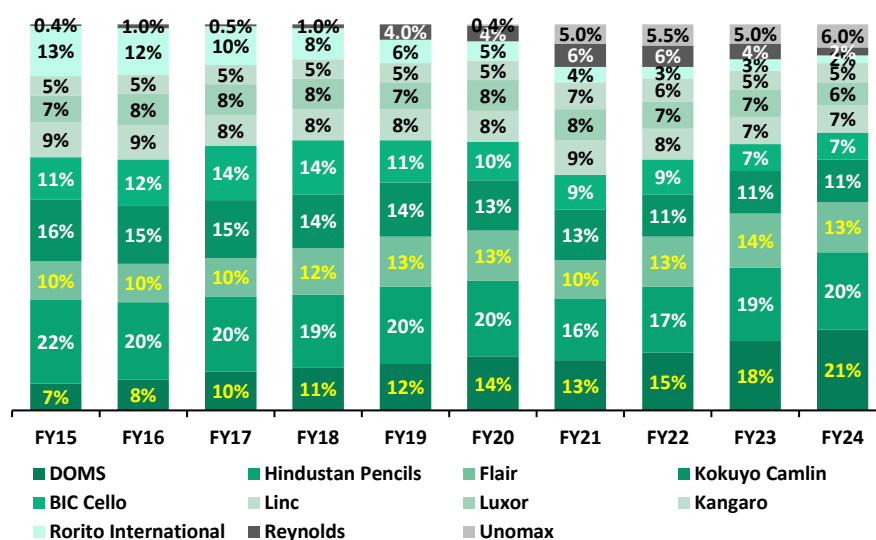
Source: DOMS DRHP, SMIFS Research

Fig 37: Overview of Indian Writing Instrument

Sub-Category	Market Share by Value (FY23)	Product Types	Market Share in Sub-Category	Price Segments	Price Range (Rs)	Market Share by Value (Segment)	Leading Players
Pen	80%	Ballpoint	68%	Mass Market	Up to 15	80%	Linc, Flair, Cello, DOMS (new entrant)
		Gel	20%	Premium	15 – 400	16%	Luxor, Cello, Flair
		Rollerball	12%	Super Premium	Above 400	4%	Parker, Montblanc
Pencil	12%	Wooden	92%	Mass Market	Up to 5	85%	Hindustan Pencils (~50% share), DOMS (~30%)
		Polymer	7%	Premium	5 – 20	14–15%	DOMS, Kokuyo, Hindustan
		Mechanical	1%	Super Premium	Above 20	<1%	Faber-Castell, Staedtler
Markers & Highlighters	8%	Permanent, OHP, Whiteboard Markers	–	Premium	20 – 40	–	Flair, DOMS

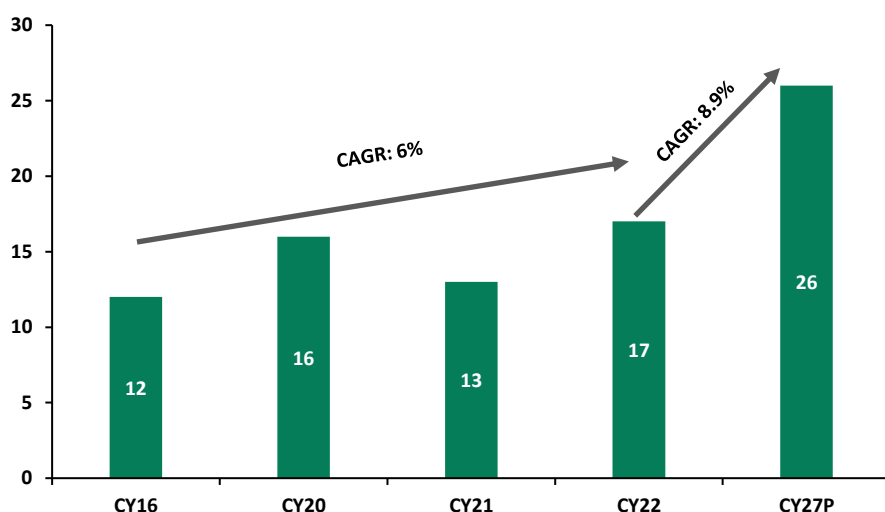
Source: DOMS DRHP, SMIFS Research

Fig 38: Market share data for Indian Writing Instruments (%)



Source: SMIFS Research

Fig 39: Market Size for the Global Writing Instrument (USD bn)



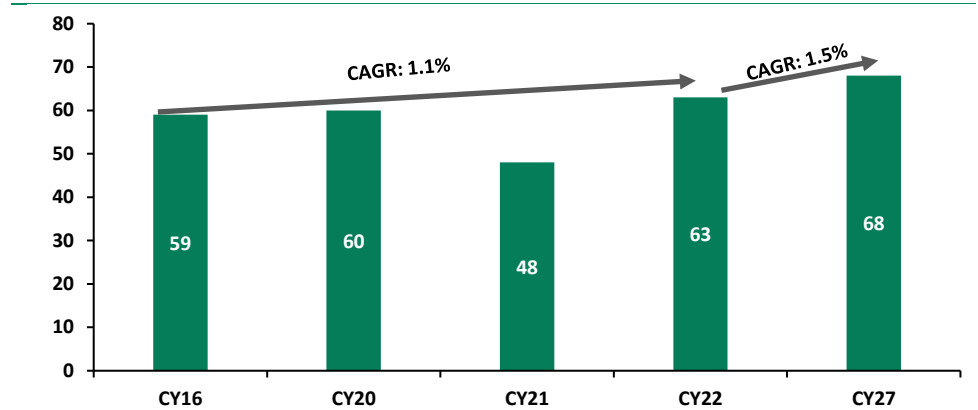
Source: DOMS DRHP, SMIFS Research

The writing instruments market comprises a wide range of products including pencils, oil-based and water-based ball pens, fountain pens, gel pens, markers, and highlighters, catering to both every day and specialized usage. As per Technopak Analysis, globally, the market was valued at approximately USD 17 bn in CY22 and is expected to grow to around USD 26 bn by CY27, registering a CAGR of 8.9%, a notable acceleration compared to the 6% growth seen during CY16–CY21. This reflects a recovery in demand and a shift towards higher-value products across segments.

Growth in the category is primarily driven by rising student enrolments and an expanding base of working professionals, ensuring steady underlying demand. Additionally, the increasing adoption of premium writing instruments in the corporate gifting segment has created a new avenue for value growth. Combined with rising disposable incomes, urbanisation, and stronger distribution through retail and e-commerce channels, the industry is witnessing a gradual shift from a volume-driven market to a more premium and value-driven landscape.

Paper Stationery (Printing and Writing Paper)

Fig 40: Market Size for the Global Printing And Writing Paper Market (USD bn)



Source: DOMS DRHP, SMIFS Research

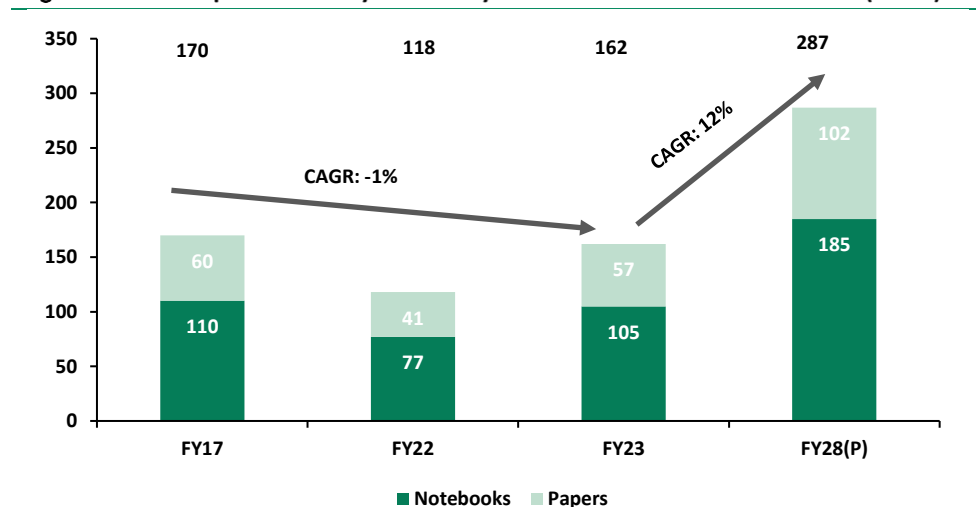
As per Technopak Analysis, the global printing and writing paper market was valued at USD 63 Bn in CY22 and is expected to reach USD 68 Bn by CY27, growing at a CAGR of 1.5%. China and the U.S. are the largest paper-producing countries, with production declining in the U.S. over the past decade but rising sharply in China.

In 2021, the largest consumers of printing and writing paper were China (~23 Mn tonnes), the U.S. (~12 Mn tonnes), and Japan (~6.5 Mn tonnes), together accounting for 47% of global consumption. India contributes around 5–6% of global paper production, with per capita paper consumption of about 15 kg, compared to the global average of 57 kg.

Indian Context:

As per Technopak Analysis, the Indian paper stationery market, comprising notebooks and paper products, was estimated at Rs162bn in FY23 and is projected to reach Rs287bn by FY28, implying a 12% CAGR. Notebooks form the bulk of the market, contributing 65% (Rs105bn), while paper products account for the remaining 35% (Rs57bn). The notebooks segment alone recorded 3.5bn units in FY23, underscoring the large and recurring demand driven primarily by the education sector.

Fig 41: Indian Paper Stationery Market by Value (Rs bn)

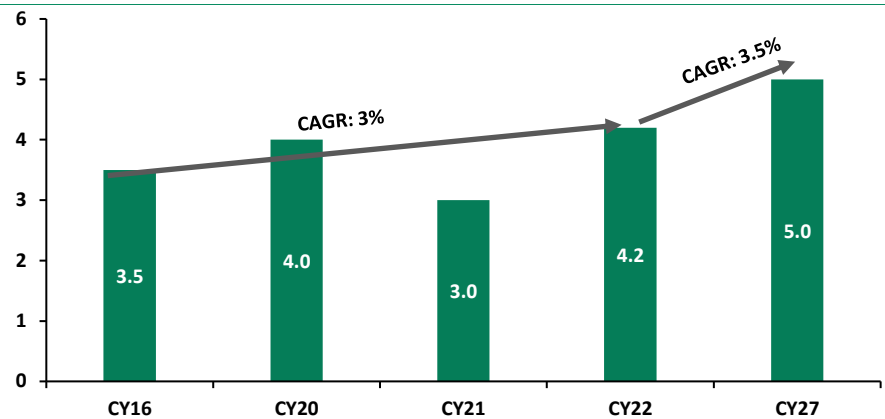


Source: DOMS DRHP, SMIFS Research

Stationery Adhesives

As per Technopak Analysis, Stationery adhesives are glues designed for use at home, offices, and schools, and include products such as glue sticks, glue rollers, tapes, and similar items. The global stationery adhesives market was valued at USD 4.2 Bn in CY22 and is expected to reach USD 5 Bn by CY27, growing at a CAGR of 3.5%.

Fig 42: Stationery Adhesive Product Market Size (USD bn)



Source: DOMS DRHP. SMIFS Research

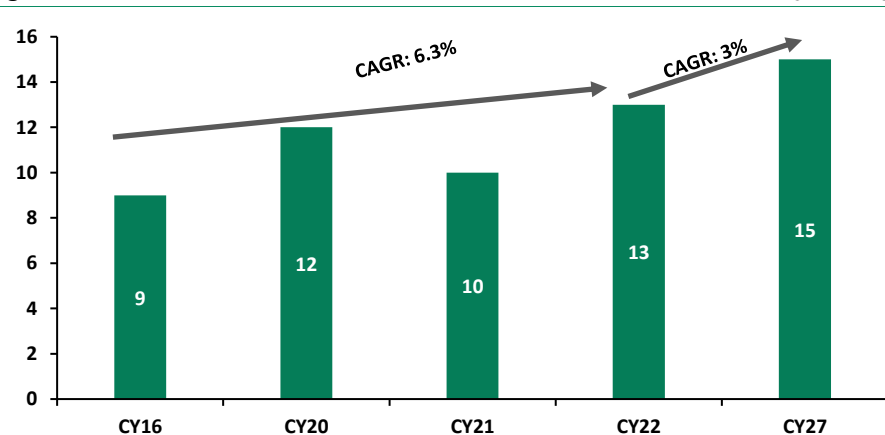
Market growth is driven by the expanding education sector and rising demand for office stationery. Increasing student enrolments in schools and colleges are also boosting demand for school stationery and related supplies, supporting continued growth of the stationery adhesives market.

Art and craft stationery products

The art and craft stationery market includes products like drawing and painting items, paper crafts, kids' crafts, crayons, scholastic art materials, and other supplies. As per Technopak Analysis, the global market was valued at about USD 13 Bn in CY22 and is expected to reach around USD 15 Bn by CY27, growing at a CAGR of 3%.

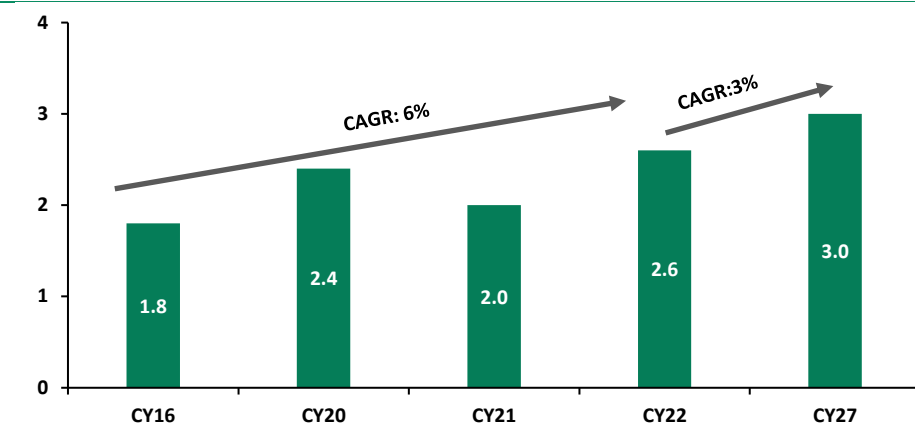
Arts and crafts stationery is further divided into scholastic arts, fine arts, and hobbies & crafts. Hobbies and crafts cover products used for leisure, creative work, and DIY activities. This market was valued at USD 2.6 Bn in CY22 and is projected to reach USD 3 Bn by CY27, growing at a 3% CAGR.

Fig 43: Arts and Craft Product Market Size (USD bn)



Source: DOMS DRHP. SMIFS Research

Fig 44: Hobbies and Craft Product Market Size (USD bn)

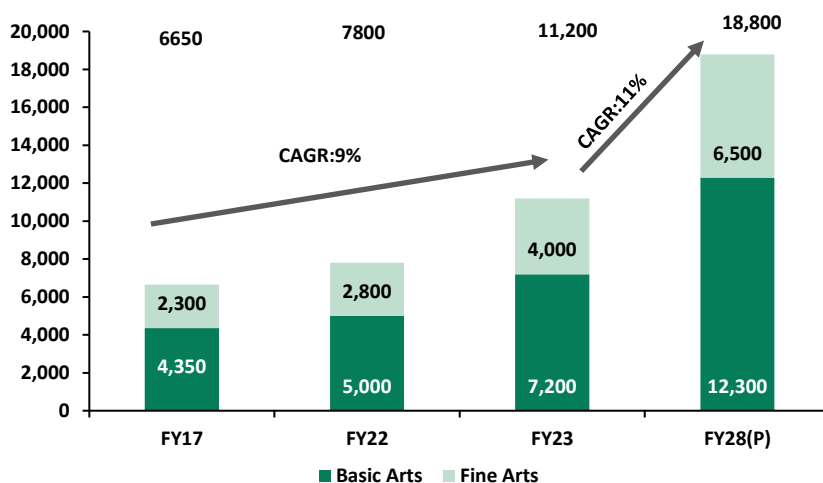


Source: DOMS DRHP. SMIFS Research

Indian Context:

As per Technopak Analysis, The Indian arts & crafts market stood at Rs11,200 mn in FY23 and is projected to expand to Rs18,800 mn by FY28, implying an 11% CAGR. Everyday art products such as crayons, oil pastels, sketch pens, and poster colours dominate the segment with a 64% share (Rs7,200 mn), while fine art materials—including watercolours, gouache, artist brushes, and canvas boards—account for the remaining 36% (Rs4,000 mn).

Fig 45: Indian Art and Craft Market by Value (Rs mn)

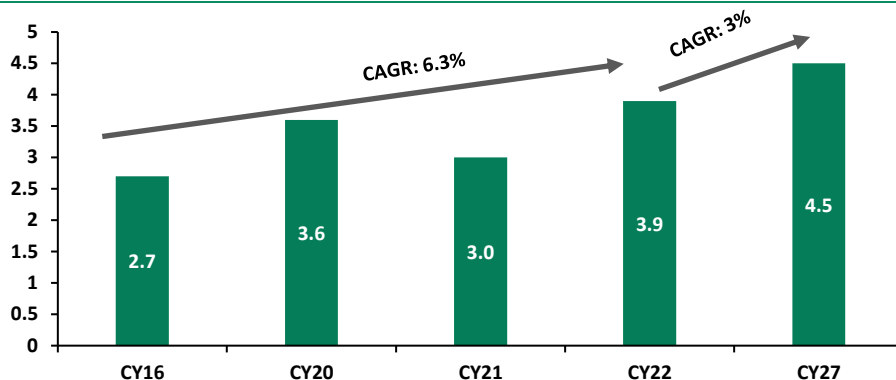


Source: DOMS DRHP. SMIFS Research

Scholastic arts products are mainly used in schools and educational settings to encourage creativity among students. These include items such as drawing pencils, colour pencils, markers, pastels, and sketchbooks. Fine arts products are meant for professional artists and serious hobbyists and are used for advanced creative work and exhibitions.

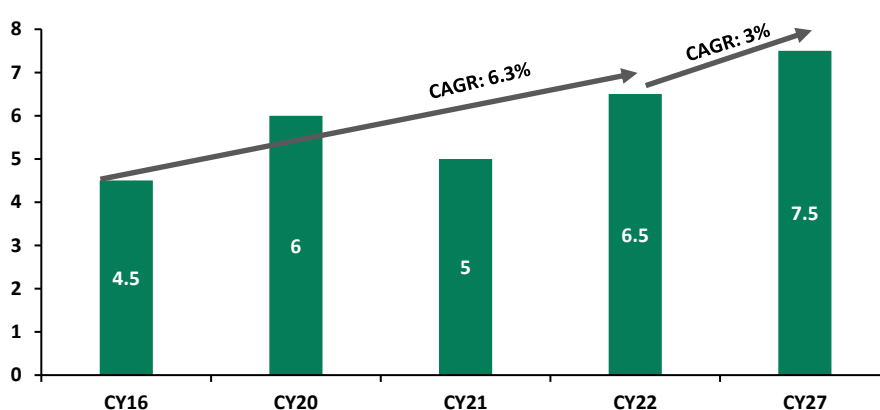
As per Technopak Analysis, in CY22, the scholastic arts and fine arts markets were valued at USD 3.9 Bn and USD 6.5 Bn, respectively. Both are expected to grow at a CAGR of 3%, reaching about USD 4.5 Bn and USD 7.5 Bn by CY27.

Fig 46: Scholastic Art Product Market Size (USD bn)



Source: DOMS DRHP, SMIFS Research

Fig 47: Fine Arts Product Market Size (USD bn)



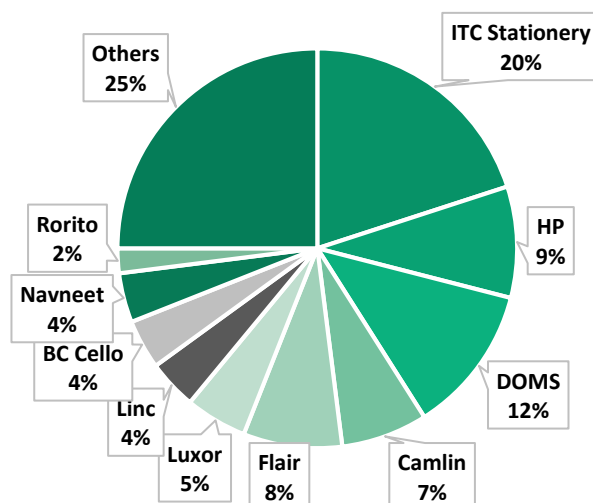
Source: DOMS DRHP, SMIFS Research

Key players in the stationery and art materials industry

The Indian stationery and art materials market has a meaningful branded segment, accounting for 36% of the total market, valued at Rs138.5 bn in FY23.

The industry remains highly concentrated, with the top 10 players — including Hindustan Pencils, DOMS, Camlin, Flair, Luxor, Linc, BIC Cello, Navneet, Rorito, and ITC — contributing 75% of the market share by value.

Fig 48: Market Share of Leading Branded Stationery Players in India (By Value)*



Source: Industry, SMIFS Research; *Note: As of FY23

Fig 49: Presence of Key Players in Different Categories

Parameter	Flair	DOMS	Hindustan Pencils	Camlin	Luxor	Linc	BIC Cello
Scale & Presence							
Domestic Presence	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India	Pan-India
International Presence	115+ countries	55+ countries	50+ countries	20+ countries	106+ countries	40+ countries	17+ countries
Exports (% of Revenue)	17.5%	13%	10–12%	3.4%	~30%	17.3%	1.4%
Workforce	7,400+	12,500+	4,000	1,165	~2,500	1,060+	5,700+
Manufacturing & Capacity							
Manufacturing Facilities	11 facilities (Gujarat, Dehradun, Daman & Diu, Naigaon)	18 facilities	10 factories across 5 locations in India	3 units (Patalganga, Tarapur, Samba – J&K)	8 facilities in India	Units in Umbergaon (Gujarat) & Serakole (West Bengal)	14 facilities
In-house Manufacturing	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Manufacturing Capacity (units/year)	~2.4 bn units pens	Pencils: ~2000mn, Crayons: 1,058mn, Mathematical Instrument Box: 15 mn, Water Colour Pens: 80-90mn packs, Erasers: 650 mn, Exercise books: 3600 MT paper capacity, Polymer Pencils: 450mn, Sharpeners: 420mn, Ball Point Pens: 1095mn, Drawing & Sketch Book: 7.56mn, Markers: 43.5mn, Water Colour Cakes: 122.4mn	8.5 mn pencils, 1.7 mn sharpeners, 2.7 mn erasers, 0.2 mn scales, 1 mn pens daily	~1.5 bn units	~1.5 bn units	~0.7 bn units	Annual capacity of 20,000 tonnes
Distribution Strength							
Super Stockists	166+	130+ & 95+ (Uniclan)	~31	NA	~120	NA	29
Distributors	8,000+	5,900+ & 1,300+ (Uniclan)	~2,500	2,600+	5,000+	4,400+	4,000+
Retail Reach	~330,000 outlets	~1,45,000 & 45,000 + (Uniclan) outlets	~3,50,000 outlets	NA	~98,000+ outlets	~260,000 outlets	~1,50,000 outlets
Product & Portfolio							
Core Categories	Writing instruments	Scholastic & art materials	Pencils & scholastic	Art materials	Writing instruments	Writing instruments	Writing instruments
Key Brands	Flair, Hauser Germany, Pierre Cardin, Flair Creative, Flair Electronics, Hauser Artz	DOMS, C3, Amariz, Fixy Fix, Wowper, Skido	Natraj, Apsara, Natraj Pens	Camel, Camlin	Luxor, Parker, Waterman, Pilot, Schneider	Linc, Uniball, Pentonic, Deli	Unomax
No. of SKUs	2,750+	4,700+	3,000+	1850+	~2,000+	Own brand- 1031, Licensed Brand 840	19,500+

Source: Industry, SMIFS Research

Channel Checks: Healthy School-Season Demand; Online Competition Rising

Based on interactions with ~65+ distributors and retailers across key stationery markets, channel feedback indicates healthy demand across core stationery categories, supported by school reopening and ongoing academic activity. Inventory levels remain comfortable with regular replenishment, while quick-commerce and online channels continue to exert pressure on offline sales. Premiumisation trends remain intact, particularly in art materials and premium stationery kits.

Key Observations from Channel Checks

Demand Trends: Healthy Across Core Categories

- Demand remains healthy across pencils, colour pencils, crayons, writing instruments, stationery kits and project sheets, supported by school-related consumption.
- The Rs10–Rs20 pen segment continues to witness strong traction and remains a key volume driver.
- Project sheets and school stationery categories have seen increased demand due to higher assignment and project activity.
- Demand momentum remains relatively stronger in Tier-2 / Tier-3 markets, supported by school and institutional consumption
- No broad-based slowdown in primary or secondary sales was reported across markets

School Season: Demand Momentum Remains Robust

- Retailers reported strong demand during the March–June period, aided by school reopening.
- July–November is expected to remain the peak demand season for the stationery industry.
- Demand visibility remains healthy across both scholastic and creative product categories.

Inventory and Distribution: Replenishment Remains Healthy

- Inventory levels across channels remain comfortable, with weekly replenishment cycles indicating healthy product movement.
- Product availability remains strong across major stationery outlets.
- While overall supply conditions remain stable, some channel partners highlighted concerns regarding distributor support and service levels.

Pricing and Margins: Stable Operating Environment

- Retailer margins remain healthy at ~20–25% across key stationery categories.
- Pricing trends remain largely stable, with no significant discounting observed in organised channels.
- Competitive pricing pressure continues to be concentrated in value and unorganised segments.

Premiumisation and Brand Preference: Trend Remains Intact

- Consumers continue to prefer branded products, particularly in pencils, art materials and premium stationery kits.
- Premium SKUs and activity kits in the Rs200–Rs500 range continue to witness healthy traction.
- Product quality, brand recall and design remain key purchase drivers.

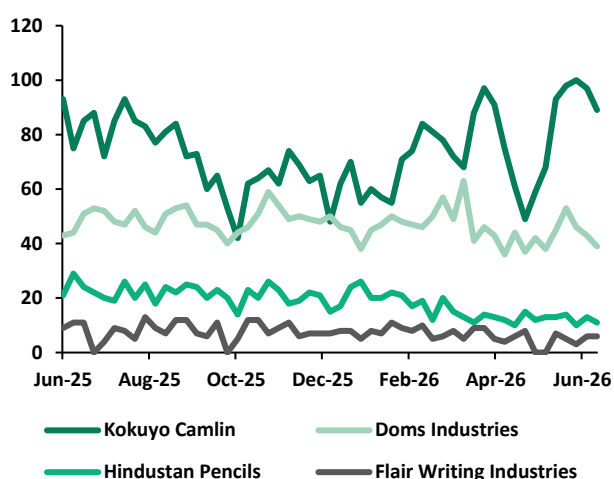
Competitive Landscape: Online Disruption Increasing

- Quick-commerce and online platforms are witnessing increasing share, supported by aggressive discounting.
- Offline retailers reported some sales pressure from online channels despite healthy underlying demand.
- Competition remains elevated across organised brands, with Camlin, Faber-Castell and Apsara witnessing healthy demand trends.

Channel Checks: DOMS vs Flair – Brand Leadership vs Writing Instrument Strength

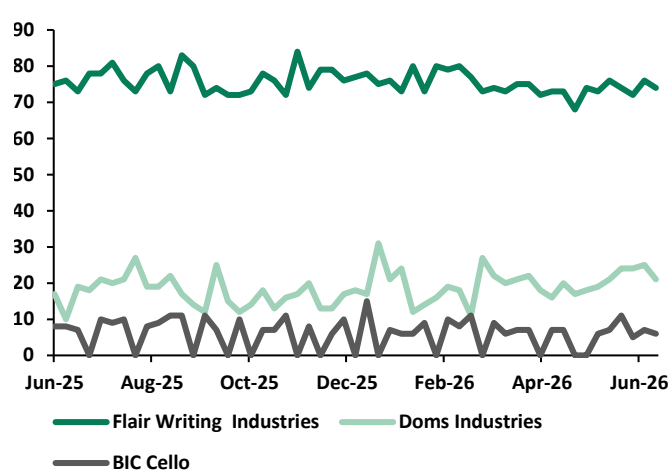
Channel interactions indicate that both DOMS and Flair continue to maintain strong positions in the organised stationery market. DOMS enjoys strong brand recall in pencils, crayons, colour pencils and art materials, supported by premium positioning and attractive product design. Flair, on the other hand, benefits from strong distribution reach, high product availability and leadership in writing instruments, particularly in the mass and mid-price segments. While DOMS remains stronger in scholastic and creative categories, Flair continues to gain from broader price-point coverage and deeper penetration across writing instruments.

Fig 50: Google Trends for Pencil



Source: Google Trends, SMIFS Research

Fig 51: Google Trends for Pens

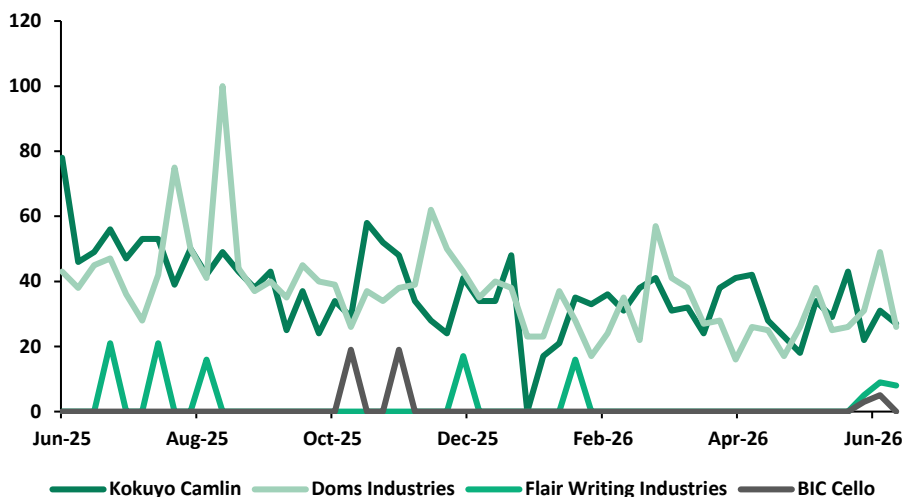


Source: Google Trends, SMIFS Research

Google trends for Pencils: Based on the Google Trends data for the last one year, **Kokuyo Camlin** continues to command the highest search interest in the pencil category, reflecting its strong brand recall and long-standing presence in the Indian stationery market. Kokuyo acquired a majority stake in Camlin in 2011, and the brand has remained one of the leading players in the category. **DOMS**, despite being a relatively newer entrant in the branded stationery market, has emerged as the second-largest player and has maintained consistently strong search interest, highlighting its growing consumer awareness and market penetration. Meanwhile, search interest for Hindustan Pencils, Faber-Castell, and Flair remains comparatively lower. Overall, the trend suggests that while Kokuyo Camlin continues to lead consumer mindshare in pencils, DOMS has established itself as a significant challenger with steadily growing brand visibility.

Google trends for Pens: Based on the Google Trends data for the last one year, **Flair's pen portfolio (including Flair, Hauser and Pierre Cardin)** continues to enjoy the highest consumer search interest among the tracked brands, largely driven by the strong brand recall of Pierre Cardin and the company's wide presence across writing instrument categories. **DOMS Pens** rank second in terms of search interest, reflecting the company's growing presence in the writing instruments segment and increasing consumer awareness. Meanwhile, **Cello Pens** have witnessed comparatively lower search interest throughout the period. Overall, the trends suggest that Flair maintains a strong position in consumer mindshare within the pens category, while DOMS continues to strengthen its brand visibility and narrow the gap with established players.

Fig 52: Google Trends for Stationery Companies



Source: Google Trends, SMIFS Research

Based on the Google Trends data over the last one year, **Kokuyo Camlin and DOMS** have maintained the highest search interest among the stationery companies, indicating strong consumer awareness and brand recall. While search interest for both brands has remained relatively volatile, they continue to significantly outperform other listed peers. In contrast, **Flair Writing Industries** and **BIC Cello** have witnessed comparatively lower search interest throughout the period.

Channel Checks: Key Risks Flagged by Channel

While demand conditions remain stable, channel partners highlighted a few operational and competitive risks that could influence near-term performance across the stationery sector.

Key risks highlighted:

Competitive Intensity in Value Segment

- Regional and unorganised players continue to compete aggressively on pricing in entry-level categories
- Price-sensitive segments remain vulnerable to discounting pressure

Raw Material Cost Volatility

- Channel partners highlighted sensitivity to input cost movements, particularly plastics and packaging materials
- Sudden cost increases could lead to temporary margin pressure before price pass-through

Credit Discipline in Certain Markets

- Some distributors indicated cautious credit extension to retailers in slower-moving markets
- However, no systemic credit stress was reported

Channel feedback indicates stable demand trends, normalised inventory levels and steady secondary movement across core stationery categories. Organised players continue to benefit from brand preference and distribution strength, while competitive intensity remains concentrated in value segments.

Adjacent Categories: Extending the Brand Beyond Core Stationery

As core stationery categories mature, leading players are leveraging their **brand, distribution and manufacturing capabilities** to expand into adjacent categories. These adjacencies share similar consumer cohorts and distribution channels, enabling **capital-efficient growth and higher wallet share**.

Key adjacencies include:

- Technical instruments
- Toys and learning products
- Steel bottles and hydration products
- Houseware and kids-focused categories

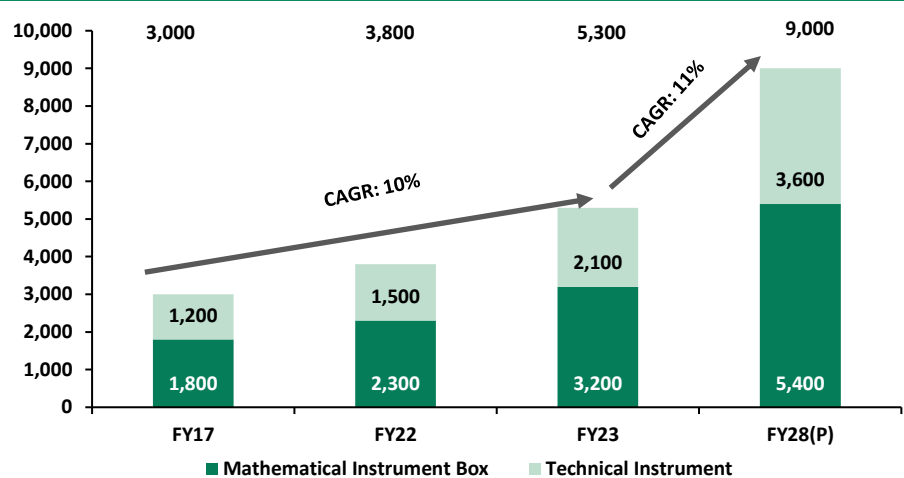
While these segments are not yet core contributors, they provide **incremental growth optionality and margin expansion potential**, particularly for scaled players.

Indian Technical Instruments Market

As per Technopak Analysis, India's technical instruments market, comprising mathematical instrument boxes and standalone tools such as rulers, compasses, T-squares, protractors, and mini drafters, was valued at Rs5,300 mn in FY23 and is expected to grow at an 11% CAGR to reach Rs9,000 mn by FY28.

Within the segment, mathematical instrument boxes account for the majority share at 60% (Rs3,200 mn), while individual technical instruments contribute the remaining 40% (Rs2,100 mn).

Fig 53: Indian Technical Instruments Market (Rs mn)



Source: DOMS DRHP, SMIFS Research

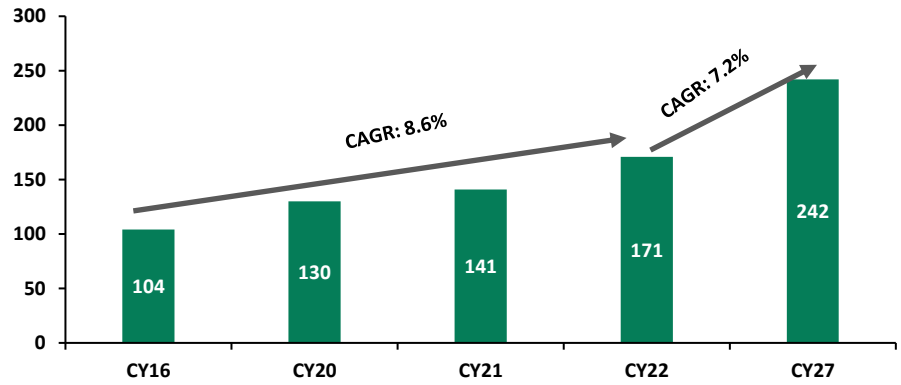
Note-This does not include exports

Toys Industry

The toy industry has evolved significantly in recent years, adapting to technological advancements and shifting consumer preferences. The market spans a wide range of product categories, including dolls, puzzles, card-based games, action figures, board games, rattles, construction and building toys, kitchen playsets and mechanical vehicles, reflecting the diverse developmental and play needs across age groups.

As per Technopak Analysis, the global toy industry stood at approximately USD 171 Bn in CY22 and is expected to grow at a CAGR of ~7.2% over CY22–27, reaching around USD 242 Bn by CY27, compared with a higher CAGR of 8.6% during CY16–22.

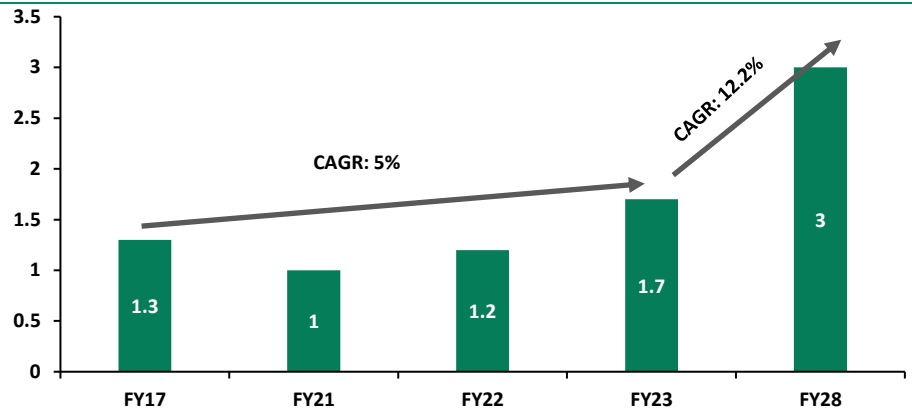
Fig 54: Global Toys Market Size (USD bn)



Source: DOMS DRHP. SMIFS Research

Despite the strong global outlook, India currently accounts for less than 1% of the global market, with an estimated size of USD 1.7 Bn in FY23. The domestic toy market is, however, expected to scale rapidly to ~USD 3 Bn by FY28, implying a CAGR of ~12.2% over FY23–28.

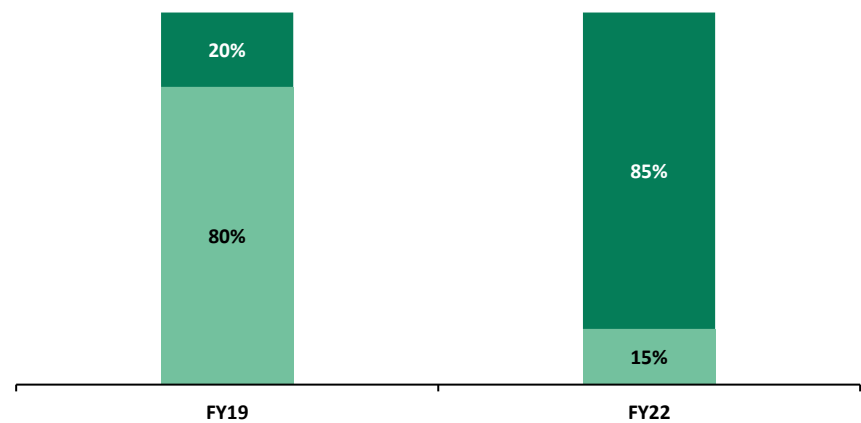
Fig 55: Indian Toys Market Size (USD bn)



Source: DOMS DRHP. SMIFS Research

Targeted government initiatives aimed at strengthening the domestic toy industry have materially improved India’s export performance. Indian toy exports now reach over 120 countries, including key markets such as the US, the UK, Germany, Mexico and the Netherlands. Reflecting this policy support, toy exports more than doubled from USD 135 Mn in FY17 to USD 327 Mn in FY22.

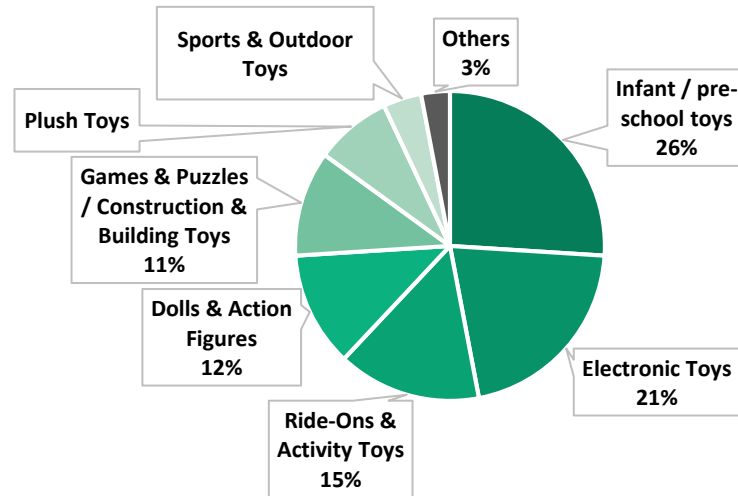
Fig 56: Indian Toys Market: Imported Toys vs Domestically Manufactured



Source: DOMS DRHP. SMIFS Research

The Indian toy market is largely unorganised, with unbranded players accounting for ~64% of industry share, driven by over 4,000 MSMEs operating largely on a cash-and-carry basis. Branded players currently represent ~36% of the market; however, their presence is steadily increasing, alongside rising participation from international brands.

Fig 57: Key Categories in Toys Industry in India



Source: DOMS DRHP, SMIFS Research

The infant/pre-school segment accounts for the largest share of ~26%, supported by India’s large young child population and sustained demand for age-appropriate developmental toys. Electronic toys follow with a ~21% share, reflecting rising adoption of technology-enabled and interactive play formats among children. The ride-on & activity toys and dolls & action figures categories contribute ~15% and ~12% respectively, driven by their broad appeal in enabling imaginative, physical, and creative play experiences.

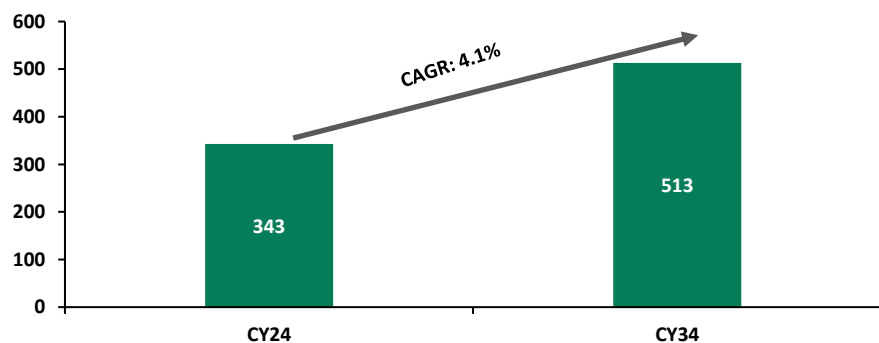
Houseware Market

As per Futuremarket insights, the global houseware market was valued at USD343 Bn in CY24, up from USD332 Bn in CY23, driven by steady growth. Rising construction activity in countries such as China and India is supporting demand, while higher disposable incomes and improving lifestyles are encouraging spending on both essential and premium houseware. Consumers are increasingly preferring stylish and innovative designs, and the adoption of smart home technology is boosting demand for connected houseware products. However, the market faces challenges from counterfeit products, which can impact brand reputation and consumer trust.

The global market is expected to grow at a CAGR of 4.1% during CY24–2034, with the market size projected to reach USD513 Bn by 2034. Growth is likely to be supported by multifunctional and compact designs aligned with urban living, AI-enabled kitchen appliances, and sustainability-driven material innovations, including modular and biodegradable products.

Fig 58: Market Size for Global Houseware Market

(USD bn)

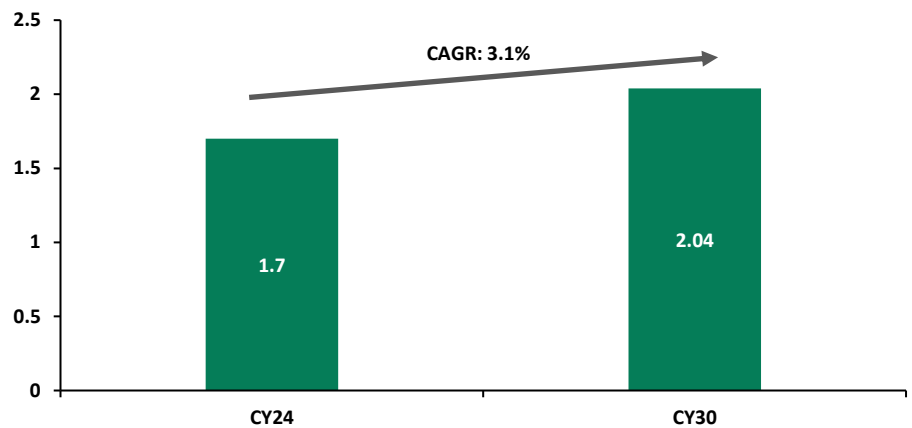


Source: Company, SMIFS Research

India's houseware market is growing steadily due to rising disposable incomes, urbanisation, and changing lifestyles. As per Techsci research, the Indian kitchenware market was valued at USD1.70 Bn in 2024, supported by a shift from traditional low-cost utensils to branded and premium products. Demand is increasing for multifunctional, compact, and space-saving kitchenware, driven by urban living and nuclear families.

Health and environmental awareness are boosting preference for non-toxic and eco-friendly materials such as stainless steel, ceramic, and glass, along with sustainable products like bamboo cutlery. The expansion of e-commerce has improved access across large and smaller cities. The market is projected to reach USD2.04 Bn by 2030, growing at a CAGR of 3.09%, led by green products, technology-based solutions, and continued growth in online retail.

Fig 59: Indian Houseware Market Size (USD bn)

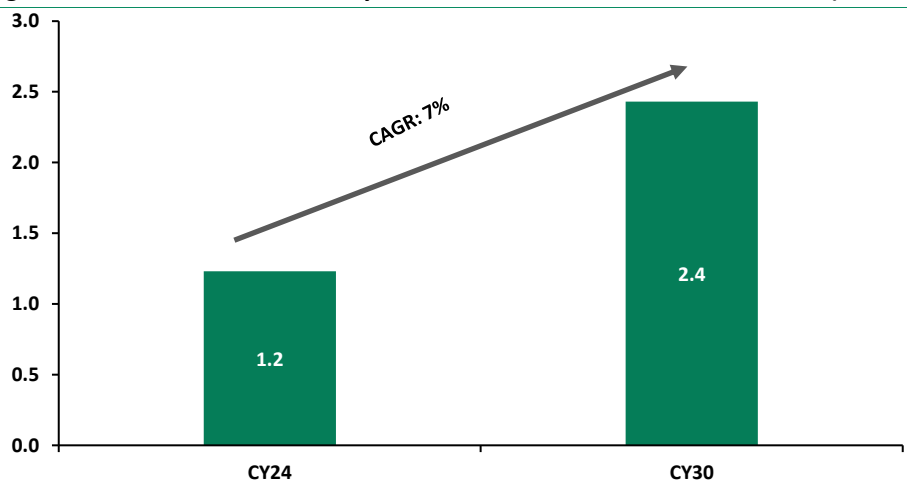


Source: Company, SMIFS Research

Steel Bottles Industry

As per Research and markets, the stainless-steel water bottle market was valued at USD1.23 Bn in CY24 globally and is expected to grow to USD2.43 Bn by CY30, at a CAGR of 6.8% driven by rising environmental and health awareness. Consumers are increasingly shifting to reusable stainless-steel bottles as they are free from toxins and BPA, they last longer than plastic or aluminium alternatives and can maintain beverage temperature for longer periods making them suitable for daily use, work, and travel.

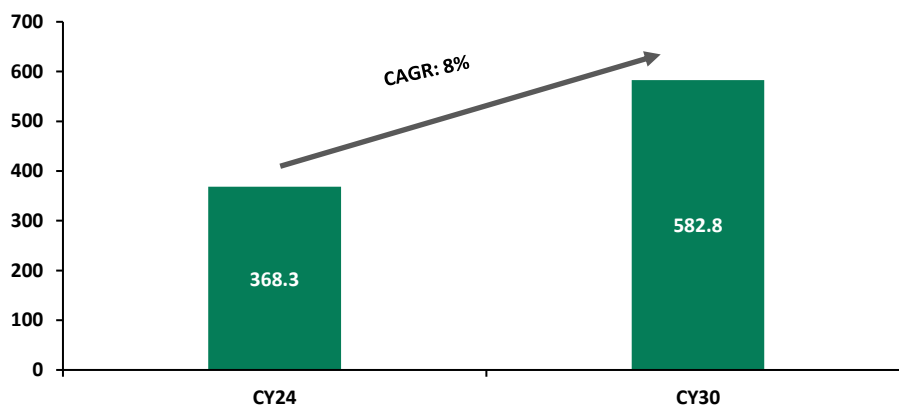
Fig 60: Global Steel Bottle Industry Market size (USD bn)



Source: Company, SMIFS Research

As per Techsci research, the India Insulated Bottle Market was valued at USD 368.34 Mn in CY 2024 and is expected to reach USD 582.78 Mn by CY 2030 driven by government's restrictions on single-use plastics, rising urbanisation, growing health awareness and rising demand for high-quality hydration products.

Fig 61: Indian Steel Bottle Industry Market size (USD mn)



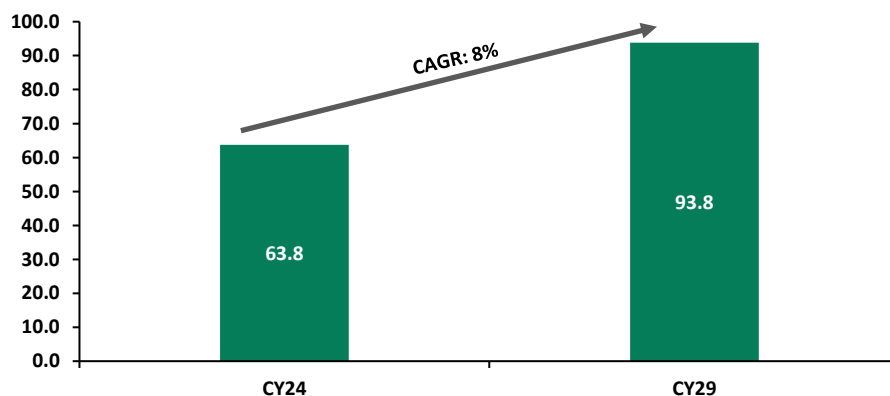
Source Company, SMIFS Research

Diaper industry

As per Research and markets Analysis, the global diaper industry reached USD 63.75 Bn in CY24, driven by higher birth rates, evolving consumer preferences, increased workforce participation of women, improved retail infrastructure, and rising awareness of baby hygiene. The Asia Pacific region remained a key contributor, supported by urbanisation, the convenience of disposable diapers, and growing e-commerce penetration. The industry is highly competitive, with players competing on brand strength, innovation, distribution, and pricing.

Leading players are increasingly focusing on sustainable diapers made from materials such as bamboo and sugarcane, offering improved absorbency, softness, and breathability. The market is projected to grow to USD 93.84 Bn by CY29, supported by rising parental awareness, premiumisation, sustainability focus, social media influence, government initiatives, and expanding e-commerce. Asia Pacific is expected to remain the fastest-growing region, while emerging markets will continue to drive long-term demand.

Fig 62: Global Diaper Industry Market size (USD bn)



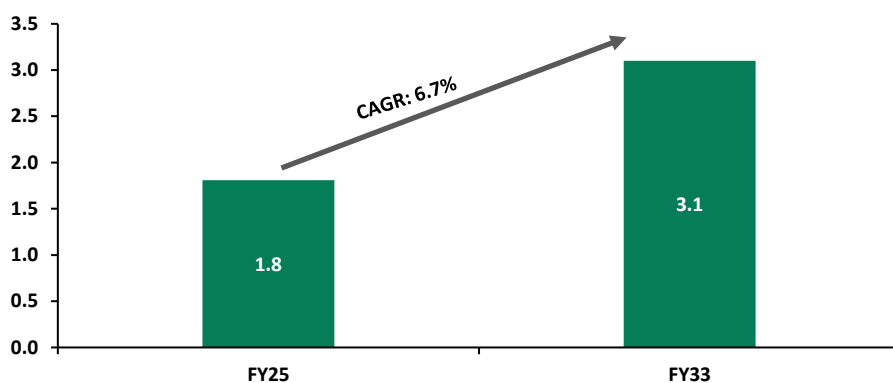
Source: Company, SMIFS Research

As per Imarc Group, the Indian diaper industry reached a market size of USD 1.8 Bn in 2025, driven by rising disposable incomes, higher birth rates, and increased awareness of infant health and hygiene. Investments in R&D led to the introduction of ultra-absorbent, breathable, and skin-friendly diapers with features such as wetness indicators, stretchable waistbands, and hypoallergenic materials.

E-commerce has significantly expanded market access through better availability and discounts, especially in tier 2 and tier 3 cities, while organised retail and pharmacies have strengthened nationwide distribution. Western India leads the market due to strong distribution networks. The industry is expected to grow at a CAGR of 6.7% during 2025–2033, supported by urbanisation, rising incomes, robust retail infrastructure, and increasing demand for sustainable and biodegradable diaper solutions.

Fig 63: Indian Diaper Market by Value

(USD bn)



Source: Company, SMIFS Research

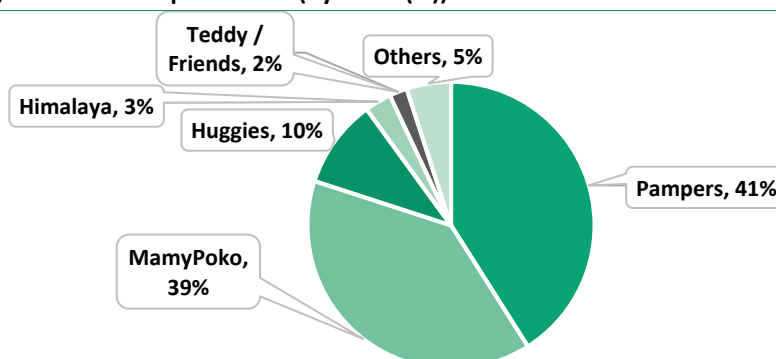
Fig 64: Indian Diaper Market – Strong Growth Opportunity with Low Penetration



Source: Company, SMIFS Research

In terms of product mix, pant-style diapers dominate the category, contributing nearly 80% of the total market. Regionally, West and Central India represent mature, premium-driven markets, while South India continues to show steady growth. In contrast, North, East, and North-East India remain underpenetrated, offering significant long-term growth potential.

Fig 65: Indian Diaper Market (By share (%))



Source: DOMS DRHP, SMIFS Research

In summary, the Indian stationery industry is a mature but structurally evolving category, where growth is increasingly driven by premiumisation, formalisation and execution. Non-paper stationery remains the key profit pool, while agencies offer incremental growth optionality. These dynamics favour scaled, branded players with strong manufacturing and distribution capabilities, forming the basis for our positive view on DOMS and Flair.

Peer Comparison

Domestic Players

Companies	Market Cap	CAGR (FY22-26)					Revenue (Rs mn)			
		Revenue	EBITDA	PAT	FY22	FY23	FY24	FY25	FY26	
Flair Writing	28,030	21.3%	26.2%	26.7%	5,774	9,427	9,787	10,799	12,501	
DOMS Industries	1,36,649	35.8%	55.0%	100.1%	6,836	12,119	15,371	19,126	23,264	
Cello World Ltd	83,351	14.3%	12.1%	12.9%	13,592	17,967	20,003	21,364	23,237	
Linc Ltd	6,854	11.2%	29.0%	41.7%	3,550	4,868	5,078	5,435	5,430	
Kokuyo Camlin Ltd	8,870	12.2%	37.3%	NA	5,085	7,749	8,159	7,625	8,065	

Companies	EBITDA (Rs mn)					EBITDA Margin (%)				
	FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26
Flair Writing	976	1,835	1,912	1,847	2,245	16.9%	19.5%	19.5%	17.1%	18.0%
DOMS Industries	697	1,867	2,727	3,484	4,026	10.2%	15.4%	17.7%	18.2%	17.3%
Cello World Ltd	3,336	4,205	5,049	5,104	5,264	24.5%	23.4%	25.2%	23.9%	22.7%
Linc Ltd	215	614	564	644	595	6.1%	12.6%	11.1%	11.8%	11.0%
Kokuyo Camlin Ltd	165	544	766	338	586	3.2%	7.0%	9.4%	4.4%	7.3%

Companies	PAT (Rs mn)					PAT Margin (%)				
	FY22	FY23	FY24	FY25	FY26	FY22	FY23	FY24	FY25	FY26
Flair Writing	551	1,170	1,185	1,191	1,398	9.5%	12.4%	12.1%	11.0%	11.2%
DOMS Industries	144	958	1,531	2,023	2,302	2.1%	7.9%	10.0%	10.6%	9.9%
Cello World Ltd	2,040	2,661	3,310	3,388	3,315	15.0%	14.8%	16.5%	15.9%	14.3%
Linc Ltd	81	374	340	380	327	2.3%	7.7%	6.7%	7.0%	6.0%
Kokuyo Camlin Ltd	-47	244	438	58	248	-0.9%	3.1%	5.4%	0.8%	3.1%

Source: Company, SMIFS Research

Global Players

Companies	Currency	CAGR (FY22-25)			Revenue (Rs Mn)			
		Revenue	EBITDA	PAT	FY22	FY23	FY24	FY25
Shanghai M&G Stationery Inc	CNY	7.8%	1.5%	0.7%	19,996	23,351	24,228	25,064
Guangbo Group Stock Co Ltd	CNY	3.4%	48.2%	-266.0%	2,486	2,690	2,778	2,746
Shenzhen Comix Group Co Ltd	CNY	11.5%	-10.1%	-14.0%	8,629	11,099	11,397	11,965
Avery Dennison Corp	USD	-0.7%	1.5%	-3.1%	9,039	8,364	8,756	8,856
ACCO Brands Corp	USD	-7.8%	-7.2%	-246.6%	1,948	1,833	1,666	1,525
3M Co	USD	-1.6%	35.7%	-17.4%	26,161	24,610	24,575	24,948
Newell Brands Inc	USD	-8.7%	-16.3%	-213.1%	9,459	8,133	7,582	7,204

Companies	EBITDA (Mn)				EBITDA Margin (%)			
	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Shanghai M&G Stationery Inc	1,547	1,859	1,706	1,615	7.7%	8.0%	7.0%	6.4%
Guangbo Group Stock Co Ltd	50	93	154	161	2.0%	3.5%	5.6%	5.9%
Shenzhen Comix Group Co Ltd	160	79	142	116	1.8%	0.7%	1.2%	1.0%
Avery Dennison Corp	1,073	964	1,115	1,124	11.9%	11.5%	12.7%	12.7%
ACCO Brands Corp	134	161	145	107	6.9%	8.8%	8.7%	7.0%
3M Co	1,916	(10,725)	4,822	4,791	7.3%	-43.6%	19.6%	19.2%
Newell Brands Inc	803	352	478	471	8.5%	4.3%	6.3%	6.5%

Companies	PAT (Mn)				PAT Margin (%)			
	FY22	FY23	FY24	FY25	FY22	FY23	FY24	FY25
Shanghai M&G Stationery Inc	1,282	1,527	1,396	1,310	6.4%	6.5%	5.8%	5.2%
Guangbo Group Stock Co Ltd	(36)	169	152	165	-1.4%	6.3%	5.5%	6.0%
Shenzhen Comix Group Co Ltd	127	77	63	81	1.5%	0.7%	0.6%	0.7%
Avery Dennison Corp	757	503	705	688	8.4%	6.0%	8.1%	7.8%
ACCO Brands Corp	(13)	(22)	(102)	41	-0.7%	-1.2%	-6.1%	2.7%
3M Co	5,777	(6,995)	4,173	3,250	22.1%	-28.4%	17.0%	13.0%
Newell Brands Inc	197	(388)	(216)	(285)	2.1%	-4.8%	-2.8%	-4.0%

Source: <https://finance.yahoo.com/>



Flair Writing Industries Ltd

Beyond pens: Scaling Adjacent Categories to Drive the Next Leg of Growth

Flair Writing is one of India's leading and most integrated writing instruments companies, with leadership in pens, one of the widest distribution networks in the industry and significant backward integration. While the core pens business continues to provide scale, cash generation and strong brand recall, the company is increasingly evolving into a multi-category consumer franchise. Creative Products and Steel Bottles & Houseware, which contributed ~31% of revenues in FY26 (vs ~11% in FY21), are expected to emerge as meaningful growth drivers, leveraging the company's distribution reach and manufacturing capabilities. With major capacity investments largely behind it, improving utilisation, premiumisation and rising own-brand contribution should drive a new phase of earnings growth. We expect revenue/ EBITDA / PAT to grow at CAGRs of ~13%/~16%/~19%, respectively, over FY26–28E, with EBITDA margins expanding to ~19% by FY28E. Despite comparable strengths in manufacturing scale, distribution and brand portfolio, Flair trades at a meaningful discount to organised peers. We believe improving earnings quality, stronger visibility from new growth engines and gradual recovery in return ratios should support a valuation re-rating. We value the stock at 21x FY28E EPS of Rs18.6 to arrive at a target price of Rs391 and initiate coverage with a BUY rating.

Core pens franchise provides scale and cash flow; premiumisation offers steady growth:

Flair is among India's leading pen manufacturers with ~17% share of the organised market and one of the largest manufacturing capacities (~2.4bn units annually). Supported by over 330,000 retail touchpoints, 8,000+ distributors and a portfolio spanning mass to premium price points through Flair, Hauser, ZOOX and Pierre Cardin, the company enjoys strong brand recall and pricing power. High backward integration, including captive tip manufacturing, automation and manufacturing scale provide structural cost advantages and support stable profitability. The core pens business remains a strong cash generator, while premiumisation and higher own-brand contribution (~95% of pen revenues) should support steady growth and margin resilience. Recent capacity additions and automation initiatives position the core pens business to deliver steady revenue growth of ~4% over FY26–28E.

Creative Products and Steel Bottles are emerging as the next growth engines:

Flair has successfully leveraged its distribution reach and manufacturing capabilities to build meaningful adjacencies beyond pens. Creative Products and Steel Bottles & Houseware together contributed ~31% of revenues in FY26, compared with just ~11% in FY21. The Creative segment benefits from rising spending on school stationery, art and hobby products, while Steel Bottles are supported by formalisation, premiumisation and increasing demand for branded hydration products. Both categories require limited incremental distribution investments and enjoy cross-selling opportunities through existing channels. We expect these segments to grow at ~30% CAGR over FY26–28E, improving revenue diversification and reducing dependence on the mature pens category.

Operating leverage and mix improvement to drive earnings acceleration:

Following a phase of heavy investments in capacity expansion, automation and portfolio diversification, Flair is entering a period where earnings growth should outpace capital deployment. The commissioning and ramp-up of the Valsad facility, improving utilisation of existing assets and increasing contribution from higher-margin own brands and premium products should support operating leverage. In addition, the scaling up of Creative Products and Steel Bottles, rising automation and deeper backward integration are expected to drive margin expansion and gradual improvement in return ratios. We believe FY26 marks the beginning of a structurally stronger earnings cycle, with EBITDA margins expected to improve to ~19% by FY28E.

Valuation discount offers an attractive entry point:

Despite strong manufacturing capabilities, one of the widest distribution networks in the industry and multiple growth levers, Flair continues to trade at 14x FY28E EPS which is a meaningful discount to other organised peers, particularly DOMS (44x FY28E EPS). We believe this gap does not fully reflect the company's transformation into a predominantly own-brand, multi-category franchise. As newer categories scale, utilisation improves and earnings quality strengthens, we expect the valuation discount to narrow. With multiple growth drivers, improving return ratios and better earnings visibility, we believe Flair offers an attractive risk-reward and a compelling way to participate in India's growing branded stationery and lifestyle categories. We value the stock at 21x FY28E EPS of Rs18.6 to arrive at a target price of Rs391 and initiate coverage with a BUY rating.

Rating: **BUY** Upside: **46%**
 Current Price: **269** Target Price: **391**

Market data

Bloomberg:	FLAIR:IN
52-week H/L (Rs):	357/254
Mcap (Rs bn/USD bn):	28.3/0.3
Shares outstanding (mn):	105.4
Free float (%):	21.4%
Daily vol. (3M Avg. in '000):	161
Face Value (Rs):	5

Source: Bloomberg; SMIFS Research

Shareholding pattern (%)

	Mar-26	Dec-25	Sep-25	Jun-25
Promoter	78.6	78.6	78.6	78.6
FIIs	0.3	0.3	0.4	0.1
DIIIs	10.3	10.1	10.6	10.2
Public/others	10.7	11.0	10.4	11.1

Promoter Pledging

Pledging	NA	NA	NA	NA
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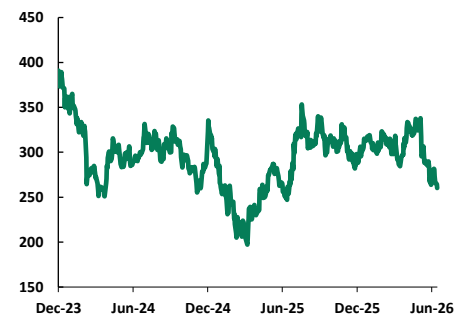
Source: BSE

Price performance (%)

	1 M	3 M	12 M	36 M
NIFTY 50	2.1	5.2	-6.6	24.4
NIFTY 500	2.5	9.8	-2.6	30.0
Flair	-9.9	-8.3	-2.9	NA

As on 30th Jun 2026, Source: AceEquity, SMIFS Research

3 Year Price Performance Chart



Source: BSE

Shraddha Kapadia

Sector Lead
 +91 9987038082 / 022-4200 5565
shraddha.kapadia@smifs.com

Manasi Joshi

Research Associate
 +91 9757275776 / 022-4200 5550
manasi.joshi@smifs.com

Honey Nathani

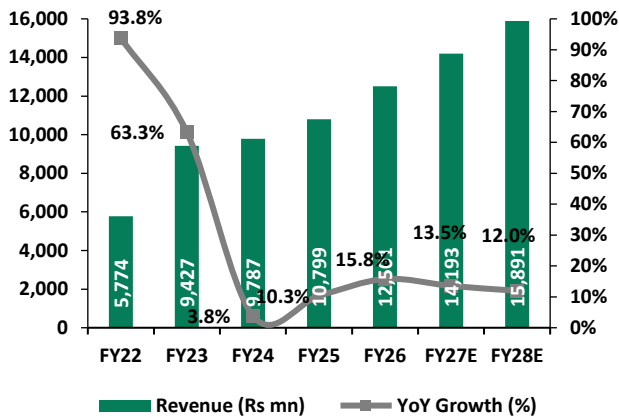
Jr. Research Associate
 +91 9326355422 / 022-4200 5548
honey.nathani@smifs.com

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY24	9,787	4%	1,912	20%	1,190	2%	11.3	17.8	16.6	28.4	16.7
FY25	10,799	10%	1,847	17%	1,196	1%	11.3	12.5	12.1	25.0	15.7
FY26	12,501	16%	2,245	18%	1,398	17%	13.3	12.9	12.8	20.2	12.3
FY27E	14,193	14%	2,611	18%	1,656	18%	15.7	13.5	13.3	17.1	10.2
FY28E	15,891	12%	3,035	19%	1,963	19%	18.6	14.0	13.8	14.4	8.3

Source: Company, SMIFS Research Estimates

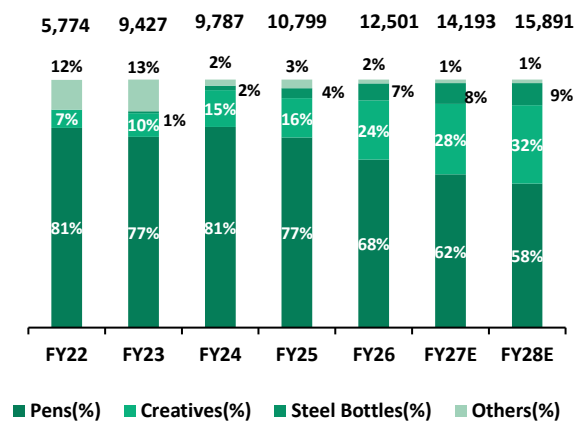
Story In Charts

Fig 66: Revenue to grow at CAGR 13% over FY26-FY28E



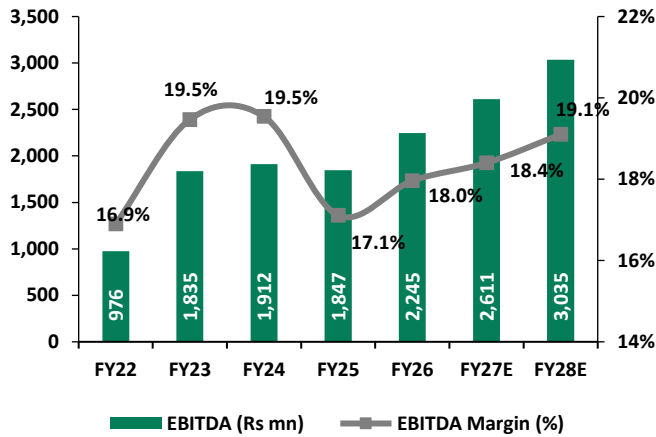
Source: Company, SMIFS Research Estimates

Fig 67: Creative & Steel Bottles Revenue mix to Increase



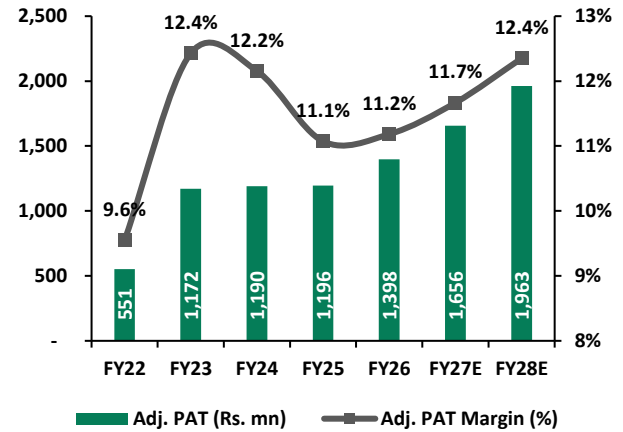
Source: Company, SMIFS Research Estimates

Fig 68: EBITDA to grow at a CAGR of 16% over FY26-FY28E



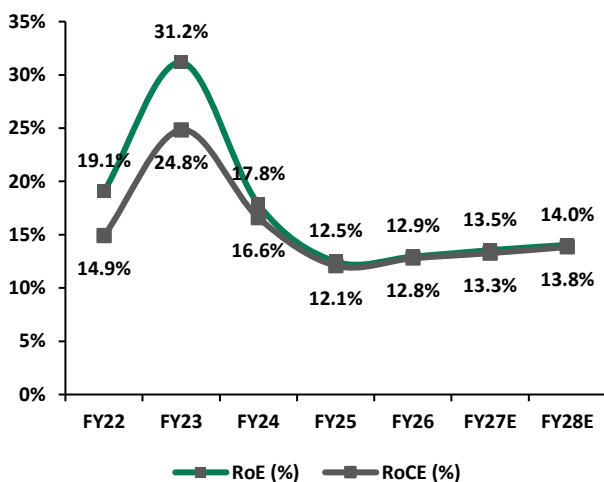
Source: Company, SMIFS Research Estimates

Fig 69: PAT to grow at a CAGR of 19% over FY26-FY28E



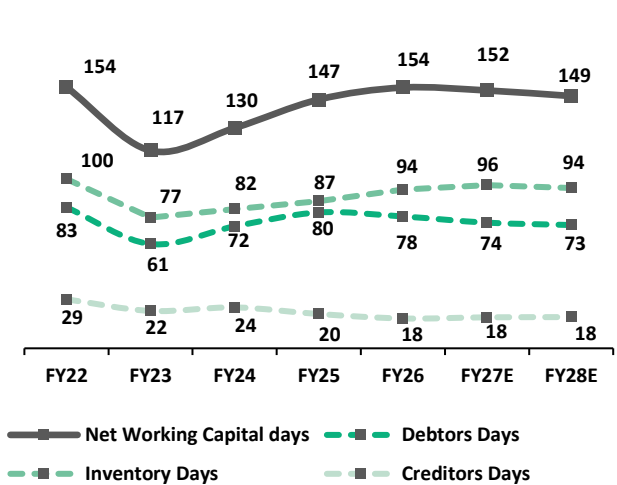
Source: Company, SMIFS Research Estimates

Fig 70: Return Ratios to Stabilize with Gradual Recovery



Source: Company, SMIFS Research Estimates

Fig 71: Gradual Improvement in WC Cycle



Source: Company, SMIFS Research Estimates

Investment Rationale

Leading the Indian writing instruments market with strong focus on pens

With a five-decade legacy, Flair Writing has evolved from an OEM-focused pen manufacturer into a category-leading, multi-brand consumer franchise and today ranks among the top three players in India's writing instruments industry and the leader in the domestic pens segment. The company has built a portfolio of brands including Flair, Hauser, ZOOX and Pierre Cardin, enabling it to address the entire spectrum of price points from mass-market to premium.

Fig 72: Brands Logos



Source: Company, SMIFS Research

Fig 73: Multi-brand Portfolio



Source: Company, SMIFS Research

Fig 74: House of Brands

FLAIR

Under the Flair brand, the Company focuses on precision writing instruments, evolving its products to suit today's dynamic market.

PIERRE CARDIN

Pierre Cardin pens amalgamate world-class quality with bold, premium designs and in-house branding capabilities tailored for corporate and gifting solutions.

HAUSER

The brand provides German-engineered simplicity and aerodynamics, making writing effortless at the highest quality standard.

FLAIR CREATIVE

Flair Creative offers a broad range of creative tools that stimulate both professional and amateur artists.

FLAIR STEEL BOTTLES & DESIGNER HAUSERWARE

The brand expands the portfolio to specially designed, rugged everyday household items engineered for long-lasting performance.

Source: Company, SMIFS Research

Flair is the largest player in India's pen industry, with an estimated ~17% domestic market share (manufacturer realization level, FY25). Writing instruments contribute ~68% of revenues, with pens remaining the company's largest and most profitable category. The company's writing instruments manufacturing capacity, currently the largest in India at ~2.4bn units annually, is set to increase by ~10% through ongoing investments at its Valsad and Surat facilities. Flair has incurred Rs600mn towards its new Valsad facility, comprising building construction, moulds and machinery, with operations commencing in Q1FY27 and capacity ramp-up expected by Q3FY27. In addition, Rs200mn has been invested at the Surat (Flomaxe) facility, including a new building scheduled to become operational in Q1FY27.

Flair has also emerged as India's largest pen exporter, with presence across ~116 countries and an estimated ~7% share of India's writing and creative instruments exports. While OEM exports continue to provide scale benefits, the company has increasingly shifted its focus towards branded sales, with brands accounting for over 91% of revenues and nearly 95% of pen revenues in FY26 vs 80% in FY25.

A key structural differentiator is Flair's large-scale captive tip manufacturing capability, making it the only domestic pen manufacturer with this capability at scale. The company manufactures 80+ tip variants and meets ~70% of its tip requirements internally, translating into a structural cost advantage of ~3–4%, superior quality control, lower supplier dependence and faster product development cycles.

Flair's portfolio spans ball, gel, fountain, roller and metal pens across multiple price points. The flagship Flair brand caters to the mass segment and drives volumes, while Hauser has emerged as a key growth engine across the mass and mid-premium categories. ZOOX addresses younger consumers in the mid-premium and premium segments, whereas Pierre Cardin strengthens the company's presence in the premium and gifting categories and has witnessed strong traction, particularly in Middle Eastern markets. Supported by one of the largest distribution networks in the industry and strong brand recall, Flair has sustained its leadership through continuous innovation and an increasing strategic emphasis on premiumisation.

The company operates a multi-brand architecture spanning mass (<Rs15), mid-premium (Rs16–Rs100) and premium (>Rs100) segments, allowing it to cater to diverse consumer cohorts while maximizing shelf presence across channels. To drive incremental volumes, management has renewed its focus on the Rs5 pen category by leveraging existing moulds, expanded manufacturing capacity and new product introductions. Distribution of Rs5 pens is being routed through the creative products channel to avoid cannibalization

Fig 75: Flair: Metal Pens



Source: Company, SMIFS Research

Fig 76: Flair: Plastic Pens



Source: Company, SMIFS Research

Fig 77: Hauser: Metal Pens



Source: Company, SMIFS Research

of the Rs10 portfolio. Simultaneously, the company continues to increase automation across manufacturing lines to improve productivity and support scale. Over the medium term, management remains focused on growing the mid-premium and premium portfolio, which should aid ASP expansion and profitability.

Fig 78: Pens Available across Price Points and Segments

Brand	Segment	Strategic purpose
Flair	Mass	High-volume cash engine
Hauser	Mass to Mid-premium	Value-plus smooth-writing formats
ZOOX	Mid-premium to Premium	Premiumization and modern retail
Pierre Cardin	Premium	Professional, gifting, brand halo

Well established brands – Presence across all price points



Source: Company, SMIFS Research

Key strategic priorities for the pens segment include:

- **Premiumisation-led growth:** Increasing the share of mid-premium and premium offerings across brands such as Hauser, ZOOX and Pierre Cardin, supported by new product launches and focus on higher-value categories to drive ASP expansion and mitigate raw material inflation.
- **Own-brand expansion:** Continuing to strengthen the own-brand franchise and reduce dependence on OEM business. Own-brand pens now account for ~95% of pens revenue (vs ~80% FY25), with continued investments in brand visibility and deeper penetration across domestic and export markets.
- **Innovation and manufacturing expansion:** Leveraging the new Valsad facility (operational from Q1FY27 with ramp-up by Q3FY27) to enhance manufacturing capabilities, support new product development and improve writing performance through better nibs, inks and ergonomics.
- **Distribution productivity and execution:** Driving throughput per distributor through portfolio bundling, cross-selling of multiple categories and sharper outlet-level execution, while strengthening relationships with channel partners to support a broader product portfolio and deeper market reach.
- **Margin resilience through mix improvement:** Offsetting raw material cost pressures through premiumisation, calibrated pricing actions and rationalisation of schemes and discounts, while benefiting from operating leverage and increasing contribution from own brands.

Sharp pivot towards brand sales strengthens margins and earnings quality

Flair has successfully transformed itself from an OEM-led manufacturer into a predominantly own-brand business, significantly improving the quality and sustainability of its revenue mix. Total brand sales (domestic and exports) have increased from Rs7,541mn in FY23 to Rs11,376mn in FY26, implying a CAGR of ~14%, while their contribution to revenue has expanded from ~80% in FY23 to ~91% in FY26. Within the pens segment, own-brand contribution has risen even more sharply to ~95% in FY26 from ~80% a year ago, reflecting the company’s strategic emphasis on strengthening its brand franchise.

This transition underscores Flair’s deliberate shift away from lower-margin OEM revenues towards higher-margin, brand-led growth, supported by strong brand recall, continuous product innovation and deeper distribution reach. Domestic OEM revenues have largely been phased out, while export OEM sales are becoming increasingly selective, enabling the company to focus on scaling branded products across domestic and international markets.

The increasing share of own-brand sales is structurally margin accretive, as branded products command superior gross margins, provide greater pricing power and foster

Fig 79: Hauser: Plastic Pens



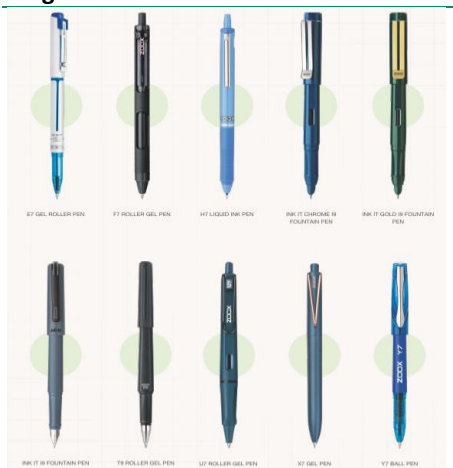
Source: Company, SMIFS Research

Fig 80: PC Pens



Source: Company, SMIFS Research

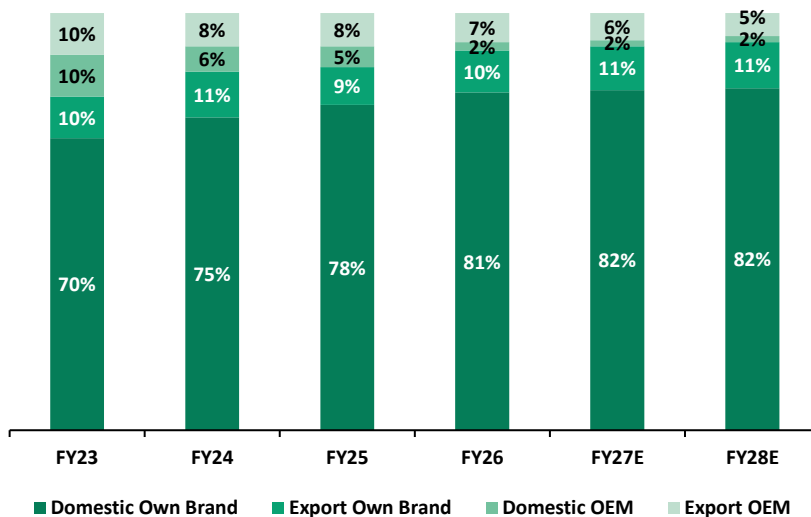
Fig 81: Zoox Pens



Source: Company, SMIFS Research

stronger customer loyalty. The shift also improves earnings quality by reducing dependence on a few OEM customers and enhancing revenue visibility. Supported by premiumisation, increasing operating leverage and a richer product mix, we expect own-brand sales contribution to increase further to ~93% by FY28E. We view this favorable mix shift as a key earnings driver that should support sustained margin expansion, stronger cash generation and superior return ratios over the medium term.

Fig 82: Rising Contribution of Own Brand Sales as % of Total Revenues

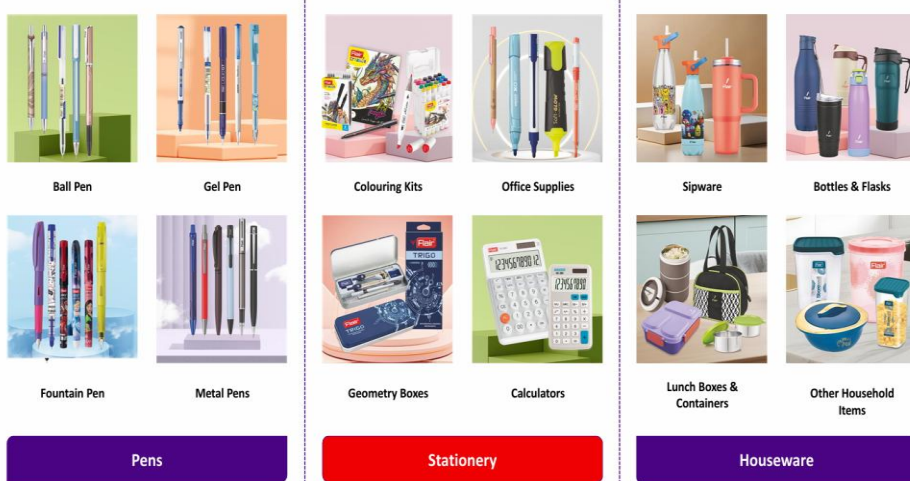


Source: Company, SMIFS Research Estimates

Diversified product portfolio, with strategic thrust on Steel bottles and Creative products

Building on its dominant position in pens, Flair has strategically diversified into creative stationery and steel bottles, leveraging its strong brand recall, manufacturing capabilities and extensive distribution network. These adjacencies not only expand wallet share within existing channels but also create scalable growth engines beyond the core pens business. Together, the Creative and Steel Bottles & Houseware segments contributed ~31% of revenues in FY26, compared with just ~11% in FY21, highlighting the success of the company's multi-category expansion strategy.

Fig 83: Product Portfolio



Source: Company, SMIFS Research

Fig 85: New Product Launches - Pens



Source: Company, SMIFS Research

Fig 84: Brand-wise Products

Brand / Category	Approx SKUs	Positioning	Key product range
Flair	350+	Mid-mass segment	Ball pens, fountain pens, gel pens, roller pens, plastic pens and metal pens, mechanical pencils, highlighters, correction pens, markers, gel crayons, student stationery kits and calculator
Hauser (Germany)	300+	Accessible and aspirational price segment	Pens, mechanical pencils, gel pens, highlighters and markers
Pierre Cardin (Paris)	240+	Premium/Gifting segment	Metal pens, ball pens, fountain pens
ZOOX	14+	Mid-premium to premium segment	Contemporary plastic pens include roller pen, gel pen, ink pen, fountain pen, ball pen
Flair Creative	215+	Mass to mid-premium segment	Crayons, sketch pens, color pencils, craft kits and essential stationery tools
Flair Steel Bottles	50+	Value-conscious households	Steel bottles, flasks, mugs
Designer Houseware	10+	Value-conscious households	Lunch boxes, containers, home storage and kitchen accessories

Source: Company, SMIFS Research

Fig 86: Flair Creatives



Source: Company, SMIFS Research

Flair Creative: Building a strong presence in school stationery and art supplies

Launched in January 2021, Flair Creative has rapidly emerged as the company’s fastest-growing business segment. The portfolio has expanded to ~240 products, spanning colouring products, art kits, mechanical and wooden pencils, markers, highlighters, gel crayons, correction tools, sketch pens, fine liners, watercolours and accessories such as geometry boxes and sharpeners. The segment delivered robust revenue growth of 74% in FY26, increasing its contribution to overall revenues to ~24%.

The category offers a long runway for growth, with products currently distributed through only ~20% of Flair’s 330,000+ retail touchpoints, implying significant headroom for penetration. Leveraging its established pen distribution network, the company is focused on increasing throughput per distributor and broadening category reach. Rising consumer interest in creative learning, school projects and hobby-driven activities, coupled with bundled product offerings, should support sustained growth in the segment.

Strategic partnerships further strengthen the growth runway. Flair has entered into a licensing agreement with Disney for character-based stationery and art products, enhancing brand appeal among children. In addition, the company distributes MAPED products in India to cater to the mid-premium segment, while its Flomaxe subsidiary supports in-house manufacturing of pencils, erasers, sharpeners and allied categories. During FY26, the company commissioned wooden pencil manufacturing at the Surat facility, marking a key category expansion under the Creative portfolio.

The company has also entered the large pencil category with Flair MOVE, a wood-free mechanical pencil priced at Rs10, aimed at converting mass-market wooden pencil users. Featuring refillable 2.0 mm lead, a built-in eraser and sharpener and value-pack offerings, MOVE offers superior functionality and sustainability at a comparable price point. Attractive pastel and Disney-themed variants further enhance shelf appeal and support premiumisation. Early market response has been encouraging, with a pan-India rollout underway.

Backed by a young portfolio, expanding SKU pipeline and widening retail presence, we expect the Creative segment to deliver a revenue CAGR of ~30% over FY26–28E. Increasing in-house manufacturing, which has already reached ~75%, should further support margin expansion and improve earnings quality.

Fig 87: MOVE: Wood free innovation



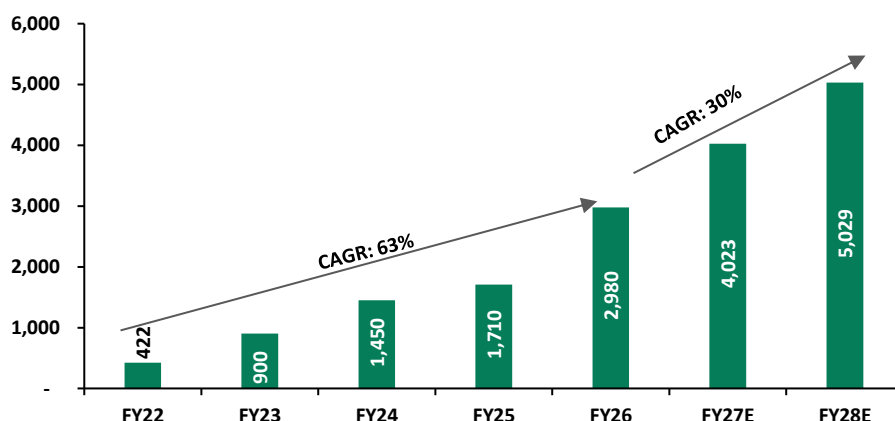
Source: Company, SMIFS Research

Fig 88: New Product Launches - Creatives



Source: Company, SMIFS Research

Fig 89: Creative Segment to grow at CAGR of ~30% over FY26-FY28E (Rs mn)



Source: Company, SMIFS Research Estimates

Fig 90: Steel Bottles



Source: Company, SMIFS Research

Hydration & Houseware: Emerging as the next scalable growth vertical

Flair has expanded beyond stationery into stainless-steel hydration products and designer houseware through its subsidiary Flair Cyrosil Industries Pvt. Ltd. (FCIPL), positioning itself as a multi-category lifestyle player. The company manufactures single-wall and double-wall vacuum-insulated stainless-steel bottles across multiple sizes and designs at price points ranging from Rs250–1,800.

The domestic stainless-steel bottle market remains highly fragmented, with organized players accounting for only 35–40% of the market. Regulatory tightening and mandatory BIS certification have accelerated formalization, creating a structural opportunity for organized players. Flair is among the early domestic manufacturers to secure BIS certification for stainless-steel bottles, providing a compliance-led advantage in a category historically dominated by imports.

To capitalize on this opportunity, the company has established a fully integrated manufacturing setup through FCIPL, with three dedicated production lines and an installed capacity of 80,000–100,000 bottles per month per line. The facility, commissioned with an investment of Rs400mn, has already turned EBITDA positive and continues to witness improving utilization levels. During FY26, the segment recorded exceptional revenue growth of 95%, with its contribution to overall revenues increasing to ~7%.

On the commercial front, the company has rapidly expanded its presence across modern trade, general trade, e-commerce and quick commerce channels, supported by a dedicated category sales team. Shared retail relationships with the stationery business provide cross-selling opportunities, stronger channel economics and lower customer acquisition costs. In addition to expanding distribution, the company continues to deepen its product portfolio and has introduced multiple new SKUs in recent quarters.

Flair offers one of the most competitive entry-level price points in steel bottles, broadly comparable with leading players such as Milton, while its premium range remains attractively priced relative to peers. This positions the company strongly in the mass and mid-premium segments, where volumes are significantly larger and formalization tailwinds remain favourable.

Fig 91: New Product Launches - Steel Bottles



Source: Company, SMIFS Research

Fig 92: Product Categories – Steel Bottles & Houseware

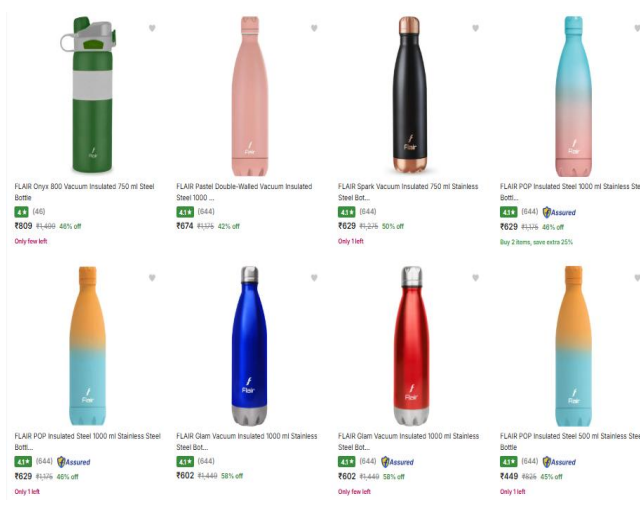


Source: Company, SMIFS Research

Fig 93: Peer Compare: Steel Bottles

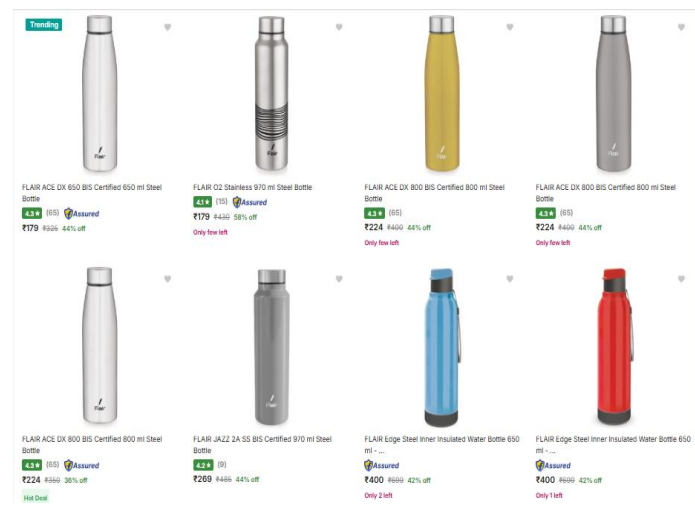
Brands	Lowest Price (Rs)	Highest Price (Rs)
Flair	179	809
Milton	200	1,963
Cello	249	2,408
Borosil	349	1,979

Fig 94: Flair Bottles: Price High to low



Source: Flipkart, SMIFS Research

Fig 95: Flair Bottles: Price Low to High



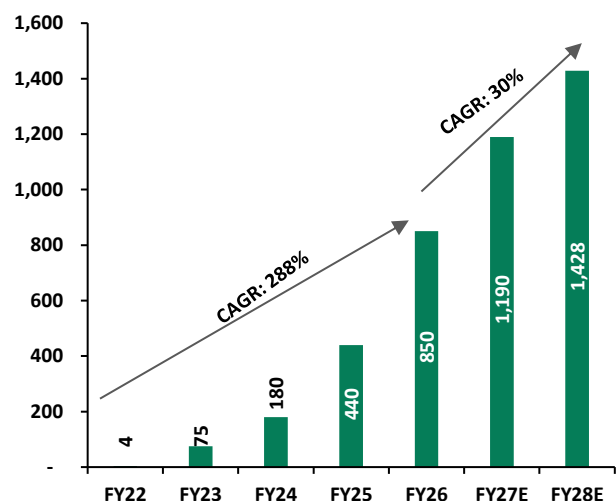
Source: Flipkart, SMIFS Research

In addition to hydration products, Flair has expanded into designer houseware through products such as storage containers, lunch boxes and kitchen essentials. This adjacency enhances cross-selling opportunities, increases retailer wallet share and improves shelf productivity, while providing more stable, year-round demand that complements the relatively seasonal nature of certain stationery categories.

Strategically, the company is focusing on portfolio expansion, premiumisation, design-led differentiation and enhanced product functionality, with an emphasis on ergonomic, lifestyle-oriented and eco-friendly offerings. Ongoing investments in capacity expansion, automation and distribution are expected to support scalability and drive operating efficiencies.

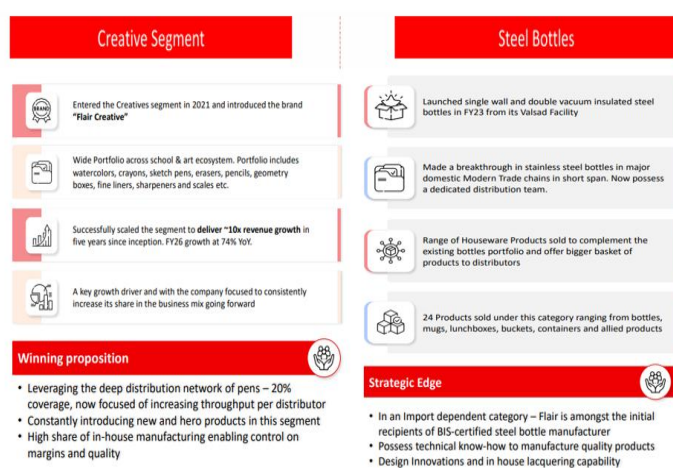
Given its BIS compliance advantage, integrated manufacturing setup and extensive distribution network, we expect the Steel Bottles & Houseware segment to deliver a revenue CAGR of ~30% over FY26–28E, emerging as a meaningful medium-term growth pillar for the company.

Fig 96: Steel Bottles to grow at a CAGR of 30% over FY26-FY28E (Rs mn)



Source: Company, SMIFS Research Estimates

Fig 97: Flair Creative & Steel Bottles



Source: Company, SMIFS Research Estimates

With both Creative and Steel Bottles & Houseware witnessing strong momentum, their combined contribution to revenues has increased to ~31% in FY26 from ~11% in FY21, underscoring the success of Flair’s multi-category expansion strategy. Supported by rising category penetration, increasing in-house manufacturing, product innovation and deeper distribution reach, these businesses are well positioned to emerge as meaningful growth and margin drivers over the medium term.

Key strategic priorities for the Creative and Steel Bottles businesses include:

- **Distribution-led expansion:** Increasing category penetration by leveraging Flair’s extensive retail network and driving higher throughput per distributor through cross-selling and portfolio bundling.
- **Portfolio expansion and innovation:** Expanding SKU offerings and introducing differentiated, design-led products to address evolving consumer preferences and capture premiumisation opportunities.
- **Increasing backward integration:** Scaling in-house manufacturing capabilities to improve margins, ensure superior quality control and reduce reliance on third-party sourcing.
- **Brand investments and partnerships:** Leveraging Disney licensing, MAPED distribution and focused marketing initiatives to strengthen brand visibility and deepen consumer engagement.
- **Margin-accretive growth:** Driving operating leverage and profitability through scale benefits, premium mix improvement and increasing contribution from own manufacturing.
- **Lifestyle and premium positioning:** Building a broader lifestyle portfolio with ergonomic, aesthetically designed and eco-friendly products to enhance consumer appeal and improve realization.

Fig 98: Collaboration with Disney



Source: Company, SMIFS Research

Strategic brand partnerships enhance premiumisation and category depth

Strategic collaborations have emerged as an important pillar of Flair’s growth strategy, enabling the company to broaden its product portfolio, strengthen its premium positioning and accelerate entry into adjacent stationery categories. By partnering with established global brands and specialist manufacturers, Flair complements its core strengths in distribution, manufacturing and brand equity while enhancing product depth, design capabilities and innovation.

A key initiative in this direction is the distribution partnership with Mapped, a France-based global stationery brand with over eight decades of legacy and presence across 120+ countries. Under this arrangement, Flair markets and distributes Mapped’s products in India, primarily catering to the mid-premium and premium segments. The partnership enhances Flair’s portfolio breadth and strengthens its design-led offerings, while leveraging the company’s extensive domestic distribution network to scale the brand across India.

Flair has also entered into a character licensing agreement with Disney, enabling the use of iconic Disney characters across a wide range of creative stationery and art material products. The company currently offers around 20 Disney-branded SKUs, spanning colouring products, pencils and art accessories. Supported by Disney’s strong brand equity and emotional connect with children, the partnership enhances product appeal, improves shelf visibility and drives stronger engagement in the student and creative stationery categories. It also supports premiumisation and differentiated product positioning.

Fig 99: Strategic partnership with Mapped France



Source: Company, SMIFS Research

Further strengthening its capabilities in scholastic stationery, Flair has established a strategic alliance with Flomaxe Stationery Pvt. Ltd., a specialist manufacturer with expertise in pencils, erasers, sharpeners and allied categories. Through its subsidiary and manufacturing operations in Surat, the company has expanded its presence in these categories and recently commissioned wooden pencil manufacturing, marking an important milestone in increasing backward integration and enhancing margins. During FY26, Flair invested Rs200mn towards capacity expansion at the Surat facility, including plant and machinery that has already become operational, while a new building is expected to commence operations in Q1FY27.

Collectively, these partnerships expand Flair’s product capabilities, strengthen its premium portfolio and accelerate its presence in adjacent stationery categories. By combining global brands, design-led innovation and in-house manufacturing capabilities with one of the largest distribution networks in the industry, Flair is building a differentiated multi-category platform. Over the medium term, we believe these alliances will support faster portfolio diversification, improve margins through a richer product mix and reinforce the company’s competitive positioning in the writing and creative instruments industry.

Fig 100: Leveraging Strengths of Industry Leaders for Mutual Benefit

	<p>COLLABORATION WITH DISNEY</p> <ul style="list-style-type: none"> The Disney licensing agreement since March 2024 to use characters across a wide range of stationery, art products, and kits Targets young Disney audience in India, with ~20 Disney-branded SKUs currently manufactured and distributed.
	<p>STRATEGIC PARTNERSHIP WITH MAPED FRANCE</p> <ul style="list-style-type: none"> Partnership with Maped France (8-decade global brand across 120+ countries) to distribute products in India, driving incremental growth in the Creative segment. Strengthens mid-premium product positioning while expanding Flair's portfolio across mass and mid-premium segments and enhancing in-house manufacturing.

Source: Company, SMIFS Research

Manufacturing excellence and strategic capex underpin scalable growth:

Flair's business model is supported by a highly integrated manufacturing platform that provides cost efficiencies, product customization capabilities and faster response to evolving consumer preferences. The company operates 11 manufacturing facilities across Valsad (3 units), Daman (5 units), Dehradun (1 unit), Naigaon (1 unit) and Surat (1 unit), with an installed writing instruments capacity of ~2.4bn units per annum, the largest in the domestic industry.

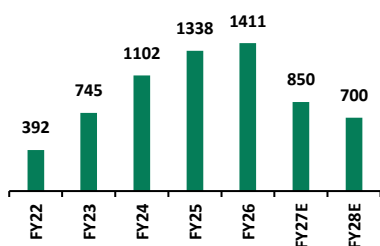
Fig 101: Strategically Located Manufacturing Plants

Integrated Manufacturing Facilities – Total installed capacity of 2.4 Billion pieces per annum					
<p>Valsad (Gujarat) Major Manufacturing Facility of the with multiple Units manufacturing Pens, Creative Products, Steel Bottles and Houseware products A new Manufacturing Unit commissioning shortly in adjacent new Plot of Land with facilities to manufacture Writing Instruments and Creative Products.</p>	<p>Dehradun(Uttarakhand) Pens & Creatives</p>	<p>Surat (FlomaxeStationery) Pencils & allied creative products with recent commissioning of Wooden Pencils manufacturing</p>	<p>Naigaon (Maharashtra) Calculators and Pierre Cardin range of Metal Pens</p>	<p>Daman Tips manufacturing, Pens & Creatives</p>	<p>Surat (FlomaxeStationery) Pencils & allied creative products with recent commissioning of Wooden Pencils manufacturing</p>
<p>Strong In-House Production Capabilities</p> <ul style="list-style-type: none"> 100% Pens 80%+ Tips 75%+ Creatives 100% Steel Bottles & Houseware 				<p>Majority of the workforce consists of women across our facilities as a part of Women Empowerment initiative</p> <p>1.85 MW rooftop solar project at our Valsad & Daman units has begun delivering cost savings as part of Green Initiatives & Sustainability objectives.</p>	

Source: Company, SMIFS Research

The manufacturing footprint is diversified across product categories. Valsad serves as the primary manufacturing hub for pens, creative products, steel bottles and houseware products, while Daman focuses on pen and tip manufacturing along with select creative products. The Naigaon facility manufactures calculators and Pierre Cardin metal pens, Dehradun produces pens and creative products, and the Surat (Flomaxe) facility manufactures pencils and allied creative stationery products, including wooden pencils commissioned during FY26.

Fig 102: Capital expenditure (Rs mn)



Source: Company, SMIFS Research Estimates

Flair's manufacturing footprint is strategically located near key logistics hubs, enhancing supply chain efficiency and export capabilities. The Valsad, Daman and Naigaon facilities benefit from proximity to the Nhava Sheva port, while the Dehradun unit is located near the Moradabad Inland Container Depot (ICD), facilitating exports. The network has been designed for flexibility and scalability, enabling multiple product categories to be manufactured across facilities and supporting efficient capacity utilization as demand evolves. The company also deploys high-precision machinery and moulds sourced from Germany, South Korea, Switzerland, Spain and China, enabling superior quality, innovation and customization capabilities across branded, OEM and export businesses.

A key competitive advantage is Flair's strong backward integration. The company manufactures 100% of its pens, over 80% of tips, around 75% of creative products and 100% of steel bottles and houseware products in-house, enabling tighter quality control,

shorter lead times and better margins. Within writing instruments, Flair has achieved near-complete backward integration (excluding ink), including in-house production of tips, nibs and other critical components. The company has also been increasing automation across manufacturing, assembly and packaging lines, improving productivity, operational efficiency and speed-to-market.

To support future growth, Flair continues to invest in capacity expansion and automation. During FY26, the company incurred Rs600mn towards its new Valsad facility comprising building construction, moulds and machinery, with operations expected to commence in Q1FY27 and ramp up by Q3FY27. In addition, Flair invested Rs200mn towards capacity expansion at the Surat (Flomaxe) facility, primarily in plant and machinery, which has already become operational, while a new building is expected to commence operations in Q1FY27. Upon commissioning and ramp-up, installed writing instruments capacity is expected to increase by ~10% units per annum. These investments are expected to strengthen manufacturing capabilities, improve operating leverage and support long-term growth aspirations.

Fig 103: Expansion Projects at Valsad & Surat



Source: Company, SMIFS Research

The company is also focused on sustainability initiatives, including a 1.85MW rooftop solar installation across its Valsad and Daman facilities, supporting cost optimization and reducing its environmental footprint.

Fig 104: Pens: Production Capacity and Capacity Utilisation

Particulars	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Production capacity (mn units)	1,855	2,024	2,210	2,210	2,400	2,400	2,640
Capacity utilization (in %)	58%	74%	70%	75%	80%	85%	85%
Production (mn units)	1,084	1,507	1,547	1,658	1,920	2,040	2,244
Number of Pens sold (mn units)	964	1,304	1,410	1,438	1,459	1,488	1,526
YoY (%)	53%	35%	8%	2%	2%	2%	3%

Source: Company, SMIFS Research Estimates

Operating leverage remains a key earnings driver. Higher throughput at existing facilities, increasing automation intensity and disciplined cost management are expected to support volume-led growth without a proportionate increase in fixed costs, driving steady margin expansion. The company continues to upgrade equipment, expand automatic and semi-automatic production lines and deploy robotic systems to enhance workflow efficiency and manufacturing productivity.

Further, Flair continues to deepen backward integration in creative products, with in-house manufacturing already accounting for ~75% of production, thereby improving operational control and reinforcing margin expansion. Overall, Flair’s manufacturing strategy combines scale, flexibility, automation and integration, creating a highly defensible operating model capable of delivering sustained growth, expanding margins and generating superior return ratios over the medium term.

Strong distribution network provides a durable competitive moat

Flair operates one of the largest and most entrenched distribution networks in India's writing and creative instruments industry, providing a powerful platform for consistent market penetration and brand visibility across urban, semi-urban and rural markets. This extensive reach, complemented by a growing international presence, enables the company to drive volume-led growth in mass categories while supporting premiumisation across higher-value segments.

The Indian writing instruments market remains predominantly offline, with low-ticket products such as pens and pencils largely sold through traditional retail channels. Consequently, the manufacturer–distributor–retailer model continues to be structurally dominant, making brand recall, pricing architecture and long-standing channel relationships key competitive differentiators. Within this ecosystem, Flair's scale, legacy and deep-rooted channel partnerships provide a significant and difficult-to-replicate advantage.

As of FY26, the company operated a multi-tiered distribution network comprising 160+ super stockists and over 8,000 distributors, with a retail reach spanning more than 330,000 wholesalers and retailers across 2,380+ towns and cities and over 6,500 pin codes in India. This broad footprint enables rapid product rollouts, deeper shelf presence and effective segmentation across mass, mid-premium and premium categories. Among organized players including DOMS, Camlin, Linc and Luxor, Flair possesses one of the widest domestic distribution networks.

Fig 105: No. of Super Stockists, Distributors/Dealers and Wholesalers/Retailers

Particulars	FY21	FY22	FY23	FY24	FY25	FY26
No. of Super Stockists	84	125	131	150	192	166
No. of Distributors/ Dealers	5,638	7,307	7,754	8,080	8,000	8,000
No. of Wholesalers/ Retailers	180,000	235,000	315,000	330,000	330,000	330,000

Source: Company, SMIFS Research

Execution at the ground level is supported by a dedicated sales and marketing team and technology-enabled systems. The company has invested in field-force applications for secondary sales tracking, digital ordering platforms and a robust distribution management system (DMS), enhancing demand visibility, improving channel efficiency and enabling faster market feedback. These capabilities support better inventory management and facilitate faster commercialization of new products.

Beyond traditional trade, Flair has expanded its presence across modern trade, e-commerce and quick-commerce channels, improving channel diversification and strengthening access to mid-premium and premium consumers. This omni-channel approach complements the company's premiumisation strategy and enhances product visibility and realizations across categories. Furthermore, management is increasingly focused on driving throughput per distributor through portfolio bundling and cross-selling opportunities across pens, creative products and steel bottles, thereby improving wallet share within existing channels.

On the international front, Flair is one of India's leading exporters of writing instruments, with exports contributing ~17% of revenues in FY26. The company has established a presence across 116 countries, supported by a network of international distributors and relationships across key markets including the US, UAE, Yemen, Colombia and Japan. Increasing contribution from own-brand exports is expected to further strengthen realizations and improve the quality of the export business over time.

Overall, Flair's extensive distribution reach, long-standing channel relationships and execution-focused go-to-market model constitute a durable competitive moat. Combined with a growing multi-category portfolio and strong brand franchise, the distribution network positions the company to sustain market leadership, accelerate premium-led growth and deliver long-term earnings compounding.

Fig 106: Flair’s Unparalleled Distribution Reach forms a Key Competitive Moat in India’s Writing Instruments Market

Players	Dealers / distributors	Wholesalers / retailers
DOMS Industries	5,900+	1,45,000+
Flair Writting	8,000+	3,30,000+
Kokuyo Camlin Ltd	~2,600	2,25,000+
Linc Ltd	4,483	2,60,000+
Luxor Writing Instruments Pvt Ltd	4,500	80,000+
Reynolds Pens India Pvt Ltd	1,800+	-
Unomax Stationery Pvt Ltd	1,509	60,826

Source: Company, SMIFS Research

Premiumisation-led mix upgrade to structurally expand margins and strengthen brand equity

Flair’s growth strategy is increasingly anchored around premiumisation, with a clear focus on scaling the mid-premium, premium and super-premium segments, where margins, brand visibility and customer stickiness are structurally superior. The company is consciously enriching its product mix through higher-value offerings under the Flair, Hauser and ZOOX brands, while strengthening its premium positioning through Pierre Cardin. A richer contribution from these categories is expected to drive sustained improvement in realizations, margins and brand equity over the medium term.

To accelerate premium segment penetration, Flair has undertaken focused brand-building initiatives for *Pierre Cardin*, including dedicated sales and marketing teams, refreshed packaging and enhanced in-store visibility and display solutions. These initiatives are improving shelf differentiation and reinforcing the brand’s premium credentials, particularly in high-value domestic markets and select export geographies, including the Middle East where Pierre Cardin enjoys strong acceptance.

Industry trends remain favorable for this strategy. Rising disposable incomes, increasing consumer preference for design-led products and growing willingness to pay for superior quality and functionality have resulted in a gradual premiumization of the writing and creative instruments market. This trend is also reflected in Flair’s own product pipeline, with an increasing share of mid-premium and premium products across recent launches. Management has highlighted that premiumization will remain a key lever to offset raw-material inflation and support margin resilience.

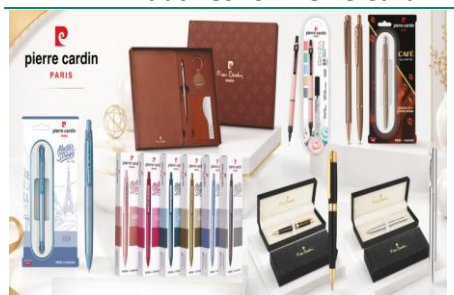
The strong legacy and recall of the Flair brand, which originally established itself through metal pens, have enabled the company to successfully extend into higher-priced writing instruments and adjacent categories. In addition, premiumisation opportunities are emerging across the Creative portfolio through products such as water colours, sketch pens, crayons, wooden pencils, geometry boxes and licensed products under the Disney portfolio. This brand-led expansion enhances wallet share and deepens consumer engagement across age groups.

The company is also expanding its presence in the corporate and institutional gifting segment, which offers higher realizations and customization opportunities. Premium pens, writing sets and creative kits are increasingly being positioned as meaningful and functional gifting solutions across corporate, festive and institutional channels. To support this opportunity, Flair has established dedicated corporate sales teams across key cities and invested in laser engraving and multi-colour printing capabilities at its Daman facility, enabling faster customization and shorter turnaround times.

Beyond writing instruments, premiumisation is gradually extending to newer categories such as creative products and steel bottles, where differentiated designs, superior functionality and lifestyle-oriented products are supporting better realizations and enhancing the overall product mix. The increasing contribution of own brands, premium products and new categories is expected to remain a key driver of structural margin expansion and earnings quality improvement.

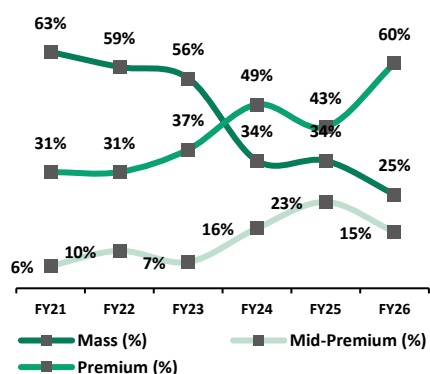
Overall, Flair’s premiumisation strategy, backed by strong brands, continuous innovation, extensive distribution and integrated manufacturing capabilities, is expected to structurally lift realizations, expand margins and strengthen return ratios, while reinforcing the company’s positioning as a design-led, multi-category consumer franchise.

Fig 107: Focused Brand-building Initiatives for Pierre Cardin



Source: Company, SMIFS Research

Fig 108: Premiumisation Driving New Product Launches



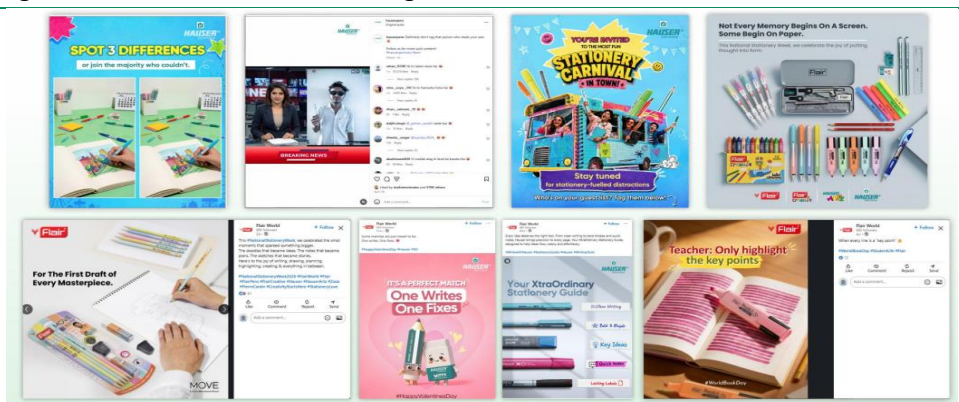
Source: Company, SMIFS Research

Sustained Advertising and Promotional Investments Strengthening Brand Recall and Consumer Connect

Flair continues to make consistent and targeted investments in brand building, with a sharp focus on deepening engagement with students and young consumers, the core demand drivers of the category. The company follows a well-balanced marketing strategy that combines high-impact ATL campaigns with strong BTL activations, blending digital engagement with extensive on-ground visibility and in-store branding. These initiatives are aimed at building long-term brand affinity through relatable storytelling, aspirational positioning and a strong emphasis on product quality and functionality.

Flair’s marketing approach spans television advertising, digital and social media campaigns, school outreach initiatives and retail branding, ensuring broad consumer reach across multiple touchpoints. Campaign execution is increasingly data-driven, with digital analytics and consumer feedback mechanisms helping evaluate campaign effectiveness and shape product development, communication strategies and channel execution.

Fig 109: Advertisement and Marketing Initiatives



Source: Company, SMIFS Research

The company has consistently invested in advertising and promotional activities to strengthen brand recall and support new product launches. These investments have played a pivotal role in establishing Flair as a trusted household brand, while enabling deeper penetration into Tier-2 and Tier-3 markets, where brand visibility and consumer trust remain key purchase drivers. In parallel, a strong field sales infrastructure supports execution across geographies and facilitates faster market feedback and channel responsiveness.

Flagship campaigns and celebrity endorsements have further strengthened brand positioning. Bollywood actor Ranveer Singh, appointed as the brand ambassador for the flagship Flair brand in October 2023, leads the “Bas Flair Aur Kuchh Nahi” and “Likh Ke Du Kya?” campaigns, which reinforce Flair’s identity, product quality and writing performance while enhancing engagement with younger consumers. In addition, Bollywood actor Ranbir Kapoor serves as the brand ambassador for Hauser, Flair’s premium writing instruments brand, spearheading the “An Extra Ordinary Pen for Extra Ordinary You” campaign targeted at students and young professionals. These endorsements have enhanced brand visibility and strengthened emotional connect across consumer segments.

Brand-building efforts are also increasingly supporting the company’s premiumisation strategy. Focused investments behind brands such as Hauser, Pierre Cardin and ZOOX, coupled with enhanced packaging, in-store displays and digital engagement, are helping improve shelf visibility and strengthen premium positioning. Character licensing partnerships with Disney further enhance consumer appeal among children and support differentiated offerings within the Creative portfolio.

Going forward, we expect sustained brand investments to remain a key demand driver, supporting premiumisation, faster new product adoption and market share gains. Combined with the company’s extensive distribution network and product innovation capabilities, these investments should continue to reinforce brand equity and support long-term revenue growth and margin expansion.

Fig 110: Ranbir Kapoor: Brand Ambassador for Hauser



Source: Company, SMIFS Research

Fig 111: Ranveer Singh: Brand Ambassador for the Flagship Flair



Source: Company, SMIFS Research

Key channel check commentary on Flair: Strong Distribution and Writing Instruments Portfolio Supporting Volume Growth

Channel feedback indicates Flair benefits from wide distribution reach and a diversified writing instruments portfolio across price points. Retailers highlighted steady demand across ball pens, gel pens and value-oriented SKUs, supporting volume-driven growth.

Key channel commentary on Flair:

Category strength: leadership in writing instruments

- Flair maintains strong presence in ball pens, gel pens and mass-market writing instruments
- The Rs10–Rs20 pen segment remains a key volume driver for the brand.
- Retailers reported consistent movement in every day-use product

Seasonal tailwind: strong back-to-school demand

- Demand remained robust during the March–June period, aided by school reopening and ongoing academic activities.
- Project sheets witnessed healthy traction due to increased school assignments and project work.
- Retailers indicated healthy sales momentum across student-focused product categories.

Distribution and availability: key competitive advantage

- Flair products remain readily available across retail outlets with smooth inventory replenishment.
- Retailers highlighted ease of sourcing and consistent product availability.
- Strong supply chain support continues to aid market presence.

Pricing strategy: competitive positioning in value segment

- Flair maintains competitive pricing across entry and mid-range categories
- Promotional activity is relatively more visible compared to premium brands
- Price competitiveness supports volume growth in mass-market segments

Competitive positioning

- Flair competes actively with regional brands in price-sensitive categories
- Strong product range across price points supports market share stability
- Retailers indicated steady demand across core writing categories

Online Channel Impact

- Offline sales are facing pressure from increasing purchases through quick-commerce and online platforms.
- Despite this, underlying demand for Flair's core stationery products remains healthy.

Financial Performance

Scaling Beyond Core Pens to Drive Next Phase of Growth

Flair has delivered strong revenue expansion over the past few years, supported by portfolio diversification, strengthening of its own-brand franchise and steady growth across domestic and export markets. Revenue from operations increased from Rs5,774mn in FY22 to Rs12,501mn in FY26, implying a healthy CAGR of 21.3% over the period.

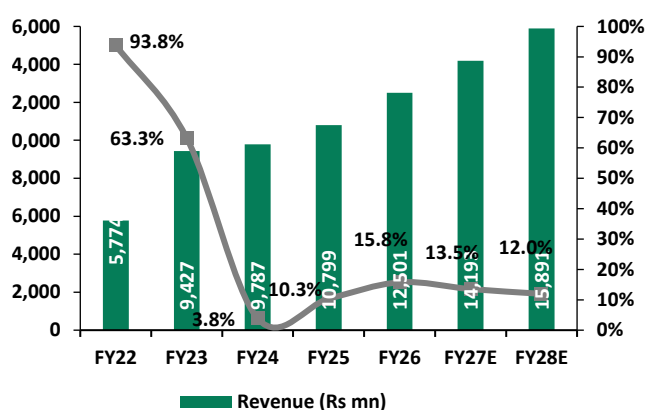
The sharp growth witnessed during FY22–FY23 was driven by post-pandemic demand recovery and rapid distribution expansion. During this period, Flair strategically diversified beyond its core writing instruments business into creative products, stationery and steel bottles, improving wallet share and strengthening its multi-category positioning. The company has also expanded its distribution reach to over 330,000 retailers, providing a strong platform for scaling new categories.

FY26 marked another year of healthy growth, with revenues increasing 15.8% YoY, in line with management guidance of ~15%. Growth was driven by strong momentum in the Creative segment (+74% YoY) and Steel Bottles & Houseware (+93% YoY), rising contribution from own brands and continued market share gains across categories. This performance was achieved despite weakness in the export OEM business, which was impacted by subdued demand and geopolitical disruptions in certain international markets. Importantly, the combined contribution of Creative and Steel Bottles increased to ~31% of revenues in FY26, highlighting the success of Flair’s diversification strategy.

Looking ahead, we expect Flair to deliver a revenue CAGR of 12.7% over FY26–FY28E, supported by steady growth in the core writing instruments business and sustained momentum in emerging categories. The company’s increasing focus on premiumisation, own-brand sales and distribution-led expansion should continue to drive healthy growth. In addition, capacity expansion at the Valsad and Surat facilities, higher automation and rising contribution from in-house manufacturing are expected to support scalability and improve operating leverage.

Creative Products and Steel Bottles & Houseware are expected to remain key growth engines with CAGR of ~30% over FY26–FY28E, aided by new product launches, increasing category penetration and wider distribution reach. Management’s continued focus on strengthening these businesses while enhancing the quality of the revenue mix through premiumisation and higher own-brand contribution should improve revenue diversification and support sustainable long-term growth.

Fig 112: Revenue to grow at CAGR 13% over FY26–FY28E (Rs mn)



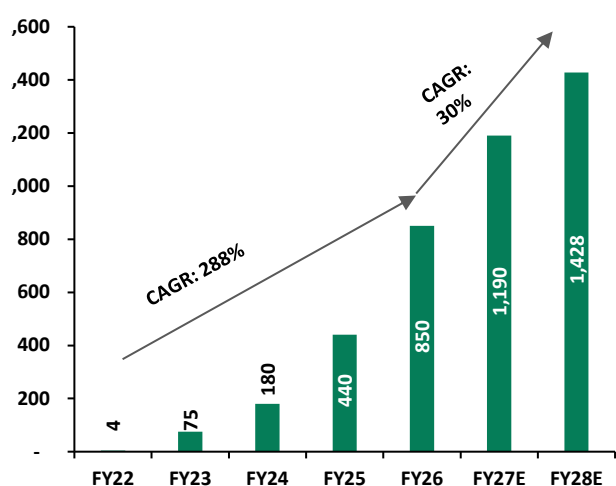
Source: Company, SMIFS Research Estimates

Fig 113: Pens Capacity Expansion to Drive Future Growth

Particulars	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Production capacity (mn units)	1,855	2,024	2,210	2,210	2,400	2,400	2,640
Capacity utilization (in %)	58%	74%	70%	75%	80%	85%	85%
Production (mn units)	1,084	1,507	1,547	1,658	1,920	2,040	2,244
Number of Pens sold (mn units)	964	1,304	1,410	1,438	1,459	1,488	1,526
YoY	53%	35%	8%	2%	2%	2%	3%
Average ASP (Rs)	4.8	5.4	5.6	5.8	5.8	5.9	6.0
YoY	23%	12%	4%	2%	1%	2%	3%
Pens Revenue (Rs mn)	4,652	7,026	7,938	8,280	8,480	8,799	9,223

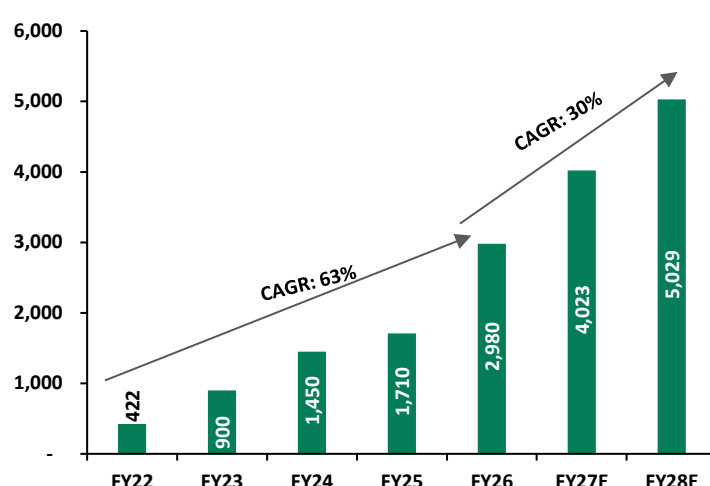
Source: Company, SMIFS Research Estimates

Fig 114: Steel Bottle Segment to grow at 30% CAGR over FY26-FY28E (Rs mn)



Source: Company, SMIFS Research Estimates

Fig 115: Creative Segment to grow at 30% CAGR over FY26-FY28E (Rs mn)



Source: Company, SMIFS Research Estimates

Operating leverage and mix improvement to drive margin expansion

Flair has delivered a healthy operating performance over the past few years, with EBITDA increasing from Rs976mn in FY22 to Rs2,245mn in FY26, translating into a CAGR of ~23% over FY22–FY26. The growth was supported by the post-pandemic recovery in the writing instruments industry, sustained revenue expansion and operating leverage as the company scaled its manufacturing capacities, diversified its product portfolio and strengthened its distribution network.

EBITDA margins expanded sharply between FY22 and FY23, driven by robust revenue growth and improved capacity utilisation. Thereafter, margins remained largely stable during FY24. In FY25 margins dipped to 17.1% as the company invested in capacity expansion, portfolio diversification, distribution strengthening and brand-building initiatives to support long-term growth.

FY26: Product Mix and Operating Leverage Drive Margin Expansion

FY26 marked the beginning of an operating leverage-led margin improvement cycle, with EBITDA increasing 21.5% YoY to Rs2,245mn and EBITDA margins expanding 85bps YoY to 18.0%. Margin expansion was driven by a favorable product mix, rising contribution from higher-margin own-brand sales, increasing scale in Creative products and Steel Bottles, operating leverage and manufacturing efficiencies. The growing share of own brands, which accounted for ~91% of revenues in FY26, further strengthened pricing power and supported gross margin expansion.

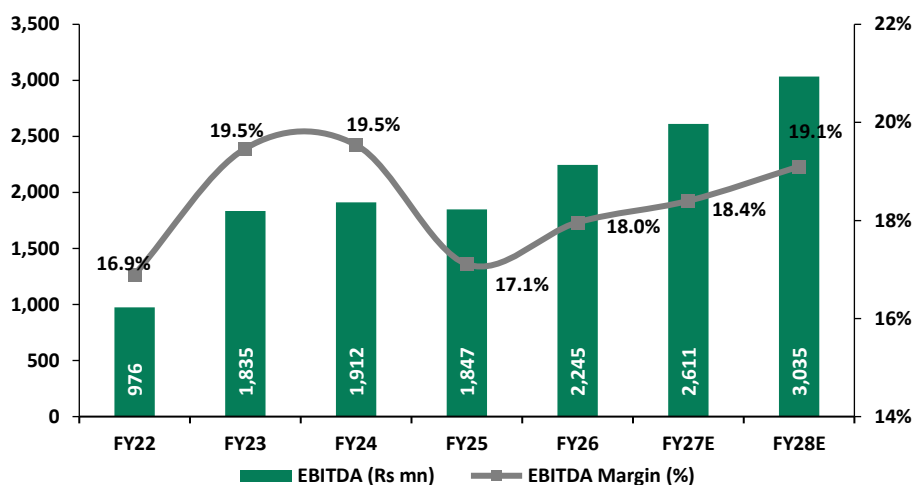
Despite inflationary pressures in crude-linked raw materials, Flair effectively mitigated the impact through inventory stocking, procurement efficiencies and a richer product mix, limiting the impact on FY26 profitability. Gross margins expanded 30bps YoY to 51.0%, reflecting the benefits of premiumisation and higher contribution from branded products.

We expect EBITDA to increase to Rs3,035mn by FY28E, with EBITDA margins expanding to 19.1%. Margin improvement should be driven by operating leverage as volumes scale, particularly with the ramp-up of the Valsad facility, along with a richer product mix, higher own-brand sales and increasing contribution from the Creative and Steel Bottles & Houseware segments.

Further, greater automation, backward integration and manufacturing efficiencies are expected to improve productivity and lower costs, while moderation in distribution and brand-building investments should provide additional operating leverage. Management also expects premiumisation and calibrated price hikes to offset raw-material inflation.

Overall, we believe FY26 marks the start of a stronger earnings cycle, with EBITDA expected to grow at a CAGR of ~16% over FY26–FY28E, supported by operating leverage and a favourable product mix.

Fig 116: EBITDA to grow at a CAGR of ~16% over FY26-FY28E (Rs mn)



Source: Company, SMIFS Research Estimates

Earnings Growth to Accelerate as New Categories Scale

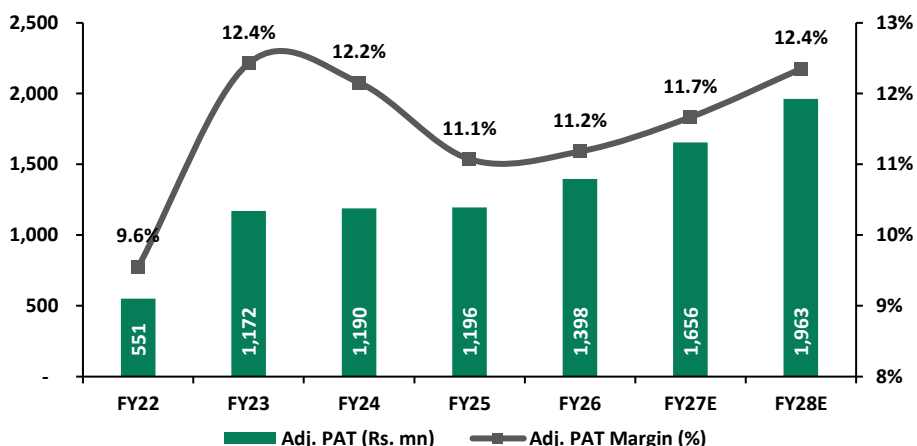
Flair has delivered strong earnings growth over the past few years, with PAT increasing from Rs551mn in FY22 to Rs1,398mn in FY26, translating into a robust CAGR of ~26%. The improvement was driven by healthy revenue growth, increasing scale, better capacity utilization and a favorable product mix, aided by the rising contribution of premium and higher-margin brands such as Hauser and Pierre Cardin. The shift towards own-brand sales, which now account for ~91% of revenues, has further enhanced earnings quality and pricing power.

In FY26, PAT grew 17% YoY to Rs1,398mn, supported by strong operating performance, gross margin expansion and disciplined finance cost management. PAT growth outpaced revenue growth, reflecting improved operating efficiency, higher contribution from branded products and operating leverage benefits. Despite elevated crude-linked raw material prices, the company effectively managed costs through inventory stocking, procurement efficiencies and a richer product mix, limiting the impact on profitability.

Looking ahead, we expect PAT to increase to Rs1,963mn by FY28E, driven by steady growth in the core writing instruments business and increasing scale of the Creative Products and Steel Bottles & Houseware segments. Further, improving utilization at the Valsad facility, higher automation, increasing contribution from premium categories and rising own-brand sales are expected to support operating leverage and profitability. We believe Flair is entering a structurally stronger earnings phase, with new categories providing incremental growth drivers and supporting PAT growth of ~19% CAGR over FY26-FY28E.

Fig 117: PAT to grow at CAGR of ~19% over FY26-FY28E

(Rs mn)



Source: Company, SMIFS Research Estimates

Investment-Led Working Capital Build-Up to Stabilize Over Time

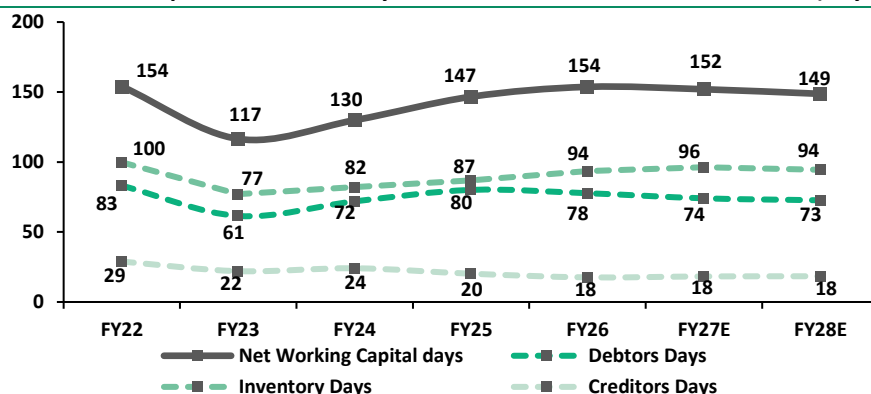
Flair's working capital profile reflects its growth-oriented strategy and investments to support a broader multi-category portfolio. In FY26, inventory days increased to 94 days from 87 days in FY25, primarily due to proactive stocking of crude-linked raw materials amid geopolitical uncertainties and higher inventory requirements associated with new product introductions and portfolio expansion. Management typically maintains elevated inventory levels during the demand discovery phase of new products before optimizing stock levels over the product life cycle.

Debtor days improved to 78 days in FY26 from 80 days in FY25, reflecting better collection efficiency and tighter receivables management. Creditor days stood at 18 days, resulting in a working capital cycle of 154 days, broadly stable YoY despite higher inventory levels. The company continues to benefit from strong relationships with suppliers and an extensive distribution network, supporting efficient inventory replenishment and receivables management.

Going forward, we expect working capital efficiency to improve gradually over FY26–FY28E, driven by tighter credit controls, improving scale and higher utilization of manufacturing facilities. While inventory days are likely to remain relatively elevated to support product availability across categories, better collections and operating efficiencies should lead to gradual normalization in working capital requirements. We believe the current working capital profile reflects strategic investments to support growth rather than any structural inefficiency, positioning the company to sustain growth while maintaining healthy cash generation.

Fig 118: Gradual Improvement in WC Cycle

(Days)



Source: Company, SMIFS Research Estimates

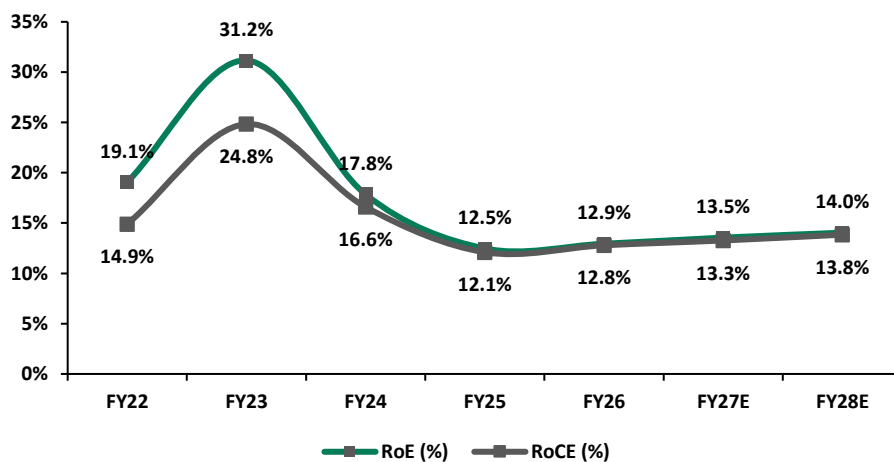
Return Ratios: Post-Peak Correction with Gradual Recovery Driven by Investments

Flair's return ratios have moderated in recent years as the company entered an investment-intensive phase aimed at building long-term growth drivers. After peaking in FY23, ROE and ROCE declined during FY24–FY25 due to IPO-related equity dilution, higher working capital requirements and investments towards capacity expansion, automation and distribution strengthening. Since these investments are yet to achieve optimal utilization, capital employed has increased faster than earnings in the near term.

In FY26, ROE and ROCE marginally improved YoY to 12.9% and 12.8% respectively, supported by strong EBITDA growth, margin expansion and improving operating profitability. The recovery in ROCE suggests that recently deployed capital is beginning to generate returns, although the full benefits of investments in the Valsad facility, Flomaxe expansion and newer categories are yet to be realized.

We expect return ratios to improve gradually over FY26–FY28E, with ROE increasing to 14.0% and ROCE to 13.8%. Better utilization of the expanded asset base, higher asset turns and stronger cash generation are expected to drive this improvement. Increasing contribution from Creative Products and Steel Bottles & Houseware, higher own-brand sales and operating leverage benefits should further support capital productivity. Overall, we believe Flair is entering a phase where earnings growth is likely to outpace incremental capital deployment, resulting in a gradual recovery in return ratios and enhanced shareholder value over the medium term.

Fig 119: Return Ratios to Stabilize with Gradual Recovery



Source: Company, SMIFS Research Estimates

Corporate Governance

We believe that good corporate governance is necessary for enhancing the trust of the shareholders. Hereby, we present a detailed framework on corporate governance for the comfort of the investors of Flair Writing Industries considering board of directors, remuneration of key managerial personnel, contingent liabilities, etc.

Promoters' Shareholding

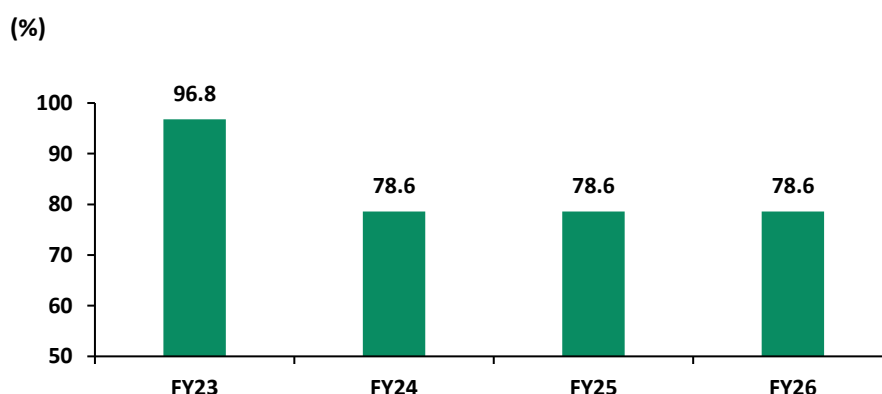
The promoters currently hold ~78.6% of the equity capital. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 120: Latest Promoter Shareholding

Particulars	% Holding
Khubilal Jugraj Rathod	15.7
Vimalchand Jugraj Rathod	11.8
Rajesh Khubilal Rathod	7.9
Mohit Khubilal Rathod	7.9
Sumit Rathod	7.9
Manjula Vimalchand Rathod	7.9
Nirmala Khubilal Rathod	7.9
Sangita Rajesh Rathod	3.9
Shalini Mohit Rathod	3.9
Sonal Sumit Rathod	3.9
Total	78.6

Source: Company, SMIFS Research

Fig 121: Promoter Shareholding



Source: Company, SMIFS Research

The decline in promoter shareholding from 96.8 in FY23 to 78.6 in FY25 was because of IPO.

Promoter Compensation

The promoter compensation is % of PBT.

Fig 122: Remuneration of promoter

Name	Compensation			As a % of PBT		
	FY23	FY24	FY25	FY23	FY24	FY25
Mr. Khubilal Jugraj Rathod	6.6	5.0	7.3	0.4%	0.3%	0.5%
Mr. Vimalchand Jugraj Rathod	6.6	6.6	7.3	0.4%	0.4%	0.5%
Mr. Rajesh Khubilal Rathod	6.6	6.6	7.3	0.4%	0.4%	0.5%
Mr. Mohit Khubilal Rathod	6.6	6.6	7.3	0.4%	0.4%	0.5%
Mr. Sumit Rathod	6.6	6.6	7.3	0.4%	0.4%	0.5%
Total	33.0	31.4	36.3	2.1%	2.0%	2.3%

Source: Company, SMIFS Research

Independent Director's Compensation

As on FY25, Flair Writing Industries Board constituted of 6 independent directors. Independent directors were paid cumulative Rs 1.1 mn which is 0.01% of PBT as on FY25.

Fig 123: Remuneration of Independent Director (Rs in Mn)

Name	Compensation			As a % of PBT		
	FY23	FY24	FY25	FY23	FY24	FY25
Mr. Punit Saxena	0.0	0.4	0.4	0.0%	0.0%	0.0%
Mr. Rajneesh Bhandari	0.1	0.4	0.2	0.0%	0.0%	0.0%
Mr. Manoj Vinod Lalwani	0.0	0.4	0.2	0.0%	0.0%	0.0%
Mr. Deven Bipin Shah	-	-	0.2	0.0%	0.0%	0.0%
Mr. Bishan Singh Rawat	0.2	0.5	-	0.0%	0.0%	0.0%
Mrs. Sheetal Bhanot Shetty	-	0.2	0.1	0.0%	0.0%	0.0%
Total	0.3	1.8	1.1	0.0%	0.1%	0.1%

Source: Company, SMIFS Research

Board Composition

In FY25, Independent directors constitute ~50% of the board composition.

The details are given below:

Fig 124: Board Composition

Particulars	FY23	FY24	FY25
Non-Executive Directors	5	5	5
Non-Independent Directors	-	-	-
Independent Directors	5	5	5
Executive Directors	5	5	5
Total	10	10	10
% Non-Executive Non-Independent Directors	0%	0%	0%
% Non-Executive Independent Directors	50%	50%	50%
% Executive Directors	50%	50%	50%

Source: Company, SMIFS Research

Contingent Liabilities

The company's contingent liability stood at 3.4% of net worth in FY25 and it has increased from 0.9% in FY21. The management expects no material liability will devolve on the group and hence not recognised in the books of account.

Fig 125: Contingent Liability (Rs in Mn)

Particulars	FY21	FY22	FY23	FY24	FY25
A. Contingent Liability					
a) Disputed GST, Excise and Service Tax Matters	3	6	59	102	110
b) Income Tax Matters	22	31	47	55	55
c) Letter of Credit	-	-	-	48	8
B. Commitments					
Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	-	-	239	176
Total	24	36	106	443	349
As a % of Net Worth	0.9%	1.1%	2.4%	4.9%	3.4%

Source: Company, SMIFS Research

Related Party Transaction

As per our analysis of RPT, nothing specific has come to our notice.

Fig 126: Related Party Transaction (Consolidated) (Rs in Mn)

Related Party Transactions	FY21	FY22	FY23	FY24	FY25
Transactions with Subsidiary Companies					
Flair Writing Equipments Pvt Ltd.					
Sale of Goods	37	23	75	-	-
Sale of Fixed Assets	4	5	1	-	-
Sale of Licence	-	-	0	-	-
Purchase of Goods -	4	1	38	-	-
Rent Income	2	2	4	-	-
Advertisement and Sales promotion expenses	-	-	1	-	-
Re-imburement of Expenses (Paid)	0	0	-	-	-

Interest Income	2	5	17	-	-
Loan Given	97	154	234	-	-
Loan Repaid (Given)	47	85	49	-	-
Flair Cyrosil Industries Pvt. Ltd.					
Re-imburement of Expenses (Paid)	-	-	0	-	-
Interest Income	-	-	3	-	-
Loan Given	-	-	172	-	-
Loan Repaid (Given)	-	-	15	-	-
Investment	-	-	36	-	-
Enterprises over which any person described in (i) and (ii) above is able to influence (The Enterprises):					
Pentel Stationery (India) Pvt. Ltd.					
Sale of Goods	6	1	13	14	6
Purchase of Goods -	15	30	61	42	48
Purchase of Licence	-	6	-	-	-
Rent Income	-	-	-	-	0
Advertisement and Sales promotion expenses	0	-	-	-	-
Hauser Lifestyle Products					
Sale of Goods	5	11	17	-	-
Sale of Fixed Assets	-	0	-	8	-
Sale of Licence	-	2	-	-	-
Purchase of Goods -	0	3	68	-	-
Purchase of Licence	-	-	0	-	-
Purchase of Fixed Assets	-	-	8	-	-
Advertisement and Sales promotion expenses	2	12	20	-	-
Labour and Moulding Charges (Received)	0	1	-	-	-
Re-imburement of Expenses (Paid)	-	0	-	-	-
Re-imburement of Expenses (Received)	0	-	-	-	-
Flair Pen & Plastic Industries					
Purchase of Fixed Assets	-	-	2	-	-
Rent Income	-	-	-	-	0
Rent Expense	-	-	-	37	53
Flair Pens Ltd.					
Rent Income	-	-	-	-	0
Rent Expense	-	-	-	19	20
Re-imburement of Expenses (Paid)	1	1	1	1	1
Re-imburement of Expenses (Received)	-	-	0	-	0
Flair Writing Aids					
Rent Expenses	-	-	-	2	2
Power Charges	-	-	-	1	0
Transactions with KMPs and their relatives					
Rent Expense					
Rathod N Rathod	-	-	-	0	0
Khubilal Jugraj Rathod	1	1	1	1	0
Vimalchand Jugraj Rathod	1	2	2	2	1
Nirmala Khubilal Rathod	2	2	2	5	5
Manjula Vimalchand Rathod	2	2	2	5	5
Vimalchand Rathod (HUF)	0	-	-	-	-
Re-imburement of Expenses (Paid)					
Vimalchand Jugraj Rathod	-	-	0	-	-
Khubilal Jugraj Rathod	-	-	0	-	-
Jayesh Jain	-	-	-	0	0
Re-imburement of IPO Expenses (Paid)					
Khubilal J. Rathod	-	-	-	29	-
Vimalchand Rathod	-	-	-	22	-
Rajesh Rathod	-	-	-	18	-
Mohit Rathod	-	-	-	18	-
Sumit Rathod	-	-	-	18	-
Nirmala Rathod	-	-	-	18	-
Manjula Rathod	-	-	-	18	-
Sangita Rathod	-	-	-	9	-
Shalini Rathod	-	-	-	9	-
Sonal Rathod	-	-	-	9	-
Interest Expenses					
Khubilal Jugraj Rathod	8	6	1	1	0
Vimalchand Jugraj Rathod	8	9	4	1	0
Rajesh Khubilal Rathod	10	8	3	1	0
Mohit Khubilal Rathod	10	8	2	2	0
Sumit Rathod	11	11	4	1	0
Dipakbhai Himmatbhai Kaswala	-	-	-	0	-

Manojkumar Lavjibhai Dobariya	-	-	-	0	-
Nitin Jamanbhai Madhani	-	-	-	0	-
Nirmala Khubilal Rathod	3	4	4	0	2
Manjula Vimalchand Rathod	1	1	1	1	0
Sangita Rajesh Rathod	6	7	7	1	5
Shalini Mohit Rathod	7	7	7	1	5
Sonal Sumit Rathod	2	3	3	2	2
Sunita Jayesh Jain	0	0	0	0	0
Kiemaya Rathod	0	0	0	0	0
Loan Taken					
Khubilal Jugraj Rathod	10	10	3	20	196
Vimalchand Jugraj Rathod	123	13	7	14	159
Rajesh Khubilal Rathod	8	13	53	108	137
Mohit Khubilal Rathod	9	11	40	139	81
Sumit Rathod	27	12	38	4	64
Dipakbhai Himmatbhai Kaswala	-	-	-	-	6
Manojkumar Lavjibhai Dobariya	-	-	-	-	15
Nitin Jamanbhai Madhani	-	-	-	-	7
Loan Repaid					
Khubilal Jugraj Rathod	24	89	37	15	180
Vimalchand Jugraj Rathod	114	41	108	14	139
Rajesh Khubilal Rathod	40	98	109	93	148
Mohit Khubilal Rathod	36	87	114	12	197
Sumit Rathod	51	73	156	9	46
Nirmala Khubilal Rathod	1	0	2	46	8
Manjula Vimalchand Rathod	3	0	1	2	1
Sangita Rajesh Rathod	3	5	5	80	20
Shalini Mohit Rathod	4	4	6	85	26
Sonal Sumit Rathod	2	3	2	15	5

Source: Company, SMIFS Research

Key management personnel

Fig 127: Details of promoter and director

Name	Designation	Profile
Khubilal Jugraj Rathod	Chairman	<ul style="list-style-type: none"> • He has 48+ years of experience in the writing instruments industry • Received the Lifetime Achievement Award and the Udyog Rattan Award from the Institute of Economic Studies, the Lifetime Achievement Award from The Bombay Fountain Pen Manufacturers and Traders Association, the award for the 'Most Admired Leader' from Herald Global, Inspirational Leaders of New India award from Powerbrands Glam, Las Vegas, USA.
Vimalchand Jugraj Rathod	Managing Director	<ul style="list-style-type: none"> • He is a fellow member of the ICAI and holds a B.Com degree from the Bangalore University • Has 40+ years of experience in the writing instruments industry • Received "Asia's Most Promising Leader 2015-16" award from World Consulting and Research Corporation, "Award of Appreciation" from the Pen and Stationery Association of India and award from the PlastIndia Foundation • Previously served as Chairman, Plastic Export Promotion Council & currently Chairman of Pen & Stationery Association of India
Rajesh Khubilal Rathod	Whole-time Director	<ul style="list-style-type: none"> • Holds a B. Com degree from the University of Mumbai and has 33+ years of experience in the writing instruments industry • He heads the international sales and marketing division along with global relationship development
Mohit Khubilal Rathod	Whole-time Director	<ul style="list-style-type: none"> • Holds a Bachelor of Arts degree (majoring in business administration) from the Muhlenberg College, Pennsylvania and has 23+ years of experience in the writing instruments industry • He heads the product development, domestic sales and marketing division
Sumit Vimalchand Rathod	Whole-time Director	<ul style="list-style-type: none"> • Holds a Bachelor of Arts degree from the Eckerd College, Florida, a Post Graduate Diploma in Management from the S.P. Jain Institute, Mumbai and has 15+ years of experience in the writing instruments industry • He heads the new business development, production, process and system management with a direct focus on steel bottles business
Jatin Chadha	Chief Operating Officer	<ul style="list-style-type: none"> • He holds a Bachelor of Technology degree in I.T and engineering, a Master of International Business degree. • He is responsible for strengthening the operations vertical to improve the productivity of the Company
Alpesh Porwal	Chief Financial Officer	<ul style="list-style-type: none"> • He is a Chartered Accountant (ICAI) and CPA (Delaware, USA) • He is responsible for the overall finance function and business transformation within in the Company
Vishal Kishor Chanda	Company Secretary and Compliance Officer	<ul style="list-style-type: none"> • He is an associate member of the ICSI and holds a M.Com degree, a Bachelor of Laws degree both from the University of Mumbai • He is responsible for the overall secretarial and statutory compliance in the Company

Source: Company Investor Presentation, SMIFS Research

CSR Activities

Flair Writing Industries has spent ~Rs 28.3 Mn in FY25. The spend was ~107% of prescribed limit for FY25.

Fig 128: CSR spends

(Rs in Mn)

Particulars	FY21	FY22	FY23	FY24	FY25
a) Amount required to be spent during the year	14.2	9.9	8.9	15.8	26.5
b) Amount Spent during the year:					
i) Construction/Acquisition of Assets	-	-	-	-	-
ii) On purpose other than above	12.2	24.0	9.8	14.9	28.3
Total Amt. Spent	12.2	24.0	9.8	14.9	28.3
Short/(Excess) Amount Spent	2.0	(14.1)	(0.9)	0.9	(1.8)
Reasons for Shortfall / Excess	No suitable project is identified	NA	NA	NA	NA
d) Nature of CSR Activities	Education and Social welfare	Education and Social welfare	Education and Social welfare	Education and Social welfare	Education and Social welfare
e) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	-	-	-	-	-

Source: Company, SMIFS Research

Auditors

Flair Writing Industries appointed M/S. Deloitte Haskins & Sells, Chartered Accountants as the statutory auditor. The auditors have given a true and fair view for the results of the FY25.

Fig 129: Auditor fee

(Rs in Mn)

Auditor Name	Type	Auditor Fees	As a % of PBT
M/s. Jeswani & Rathore, Chartered Accountants, Mumbai	Statutory Auditor	4.3	0.4%

Source: Company Annual Report, SMIFS Research

Company Background

- Flair Writing Industries Limited is one of India's leading writing instruments and stationery companies, ranking among the top three players in the industry with an 8% market share in the branded stationery and art segment. Founded in 1976, the flagship Flair brand has built a strong reputation over nearly five decades under the leadership of the Rathod family, with active second-generation involvement, driven by a focus on quality, innovation, and brand building.
- The company offers a diversified portfolio of 2,762+ SKUs across multiple price segments, including mass-market products under Flair (below Rs15), mid-premium offerings under Flair and Hauser Germany (Rs16–Rs100), premium products under Hauser and Pierre Cardin (above Rs100), and design-led products under Flair Creative and Zoon. The portfolio is further complemented by calculators and select lifestyle and home products, resulting in a well-balanced product mix.
- Flair has one of the most extensive distribution networks in India's writing instruments industry, with 166+ super stockists, 8,000+ distributors, and a reach of 330,000+ wholesalers and retailers across 6,500+ pin codes. Internationally, Flair has been among India's largest exporters of writing instruments for over four decades, with presence in 115+ countries including the USA, Japan, UAE, Yemen, and Colombia.

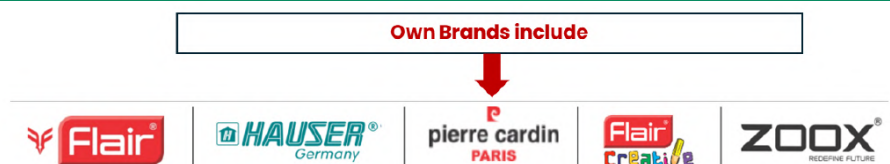
Fig 130: Growth Journey of Flair Writing

Year	Milestone
1976	Registered the Flair Brand
1998	The Company commenced production at its manufacturing unit located in Daman, Union Territory of Dadra and Nagar Haveli and Daman and Diu.
2005	The Company set up its Daman Unit-II manufacturing facility in Daman.
2008	Introduced Flair Calculators to the portfolio.
2009	The Company set up a new manufacturing facility in Dehradun, Uttarakhand
2011	The Company set up its Dehradun Unit-II manufacturing facility in Dehradun, Uttarakhand.
2012	Acquired the rights to the Pierre Cardin brand for the writing instruments category.
2014	National Pen and Plastic Industries (NPPI) acquired select trademarks of the Hauser brand for domestic and international markets; NPPI was later merged with Flair Writing Industries Limited (FWIL)
2015	The Company set up a manufacturing facility in Naigaon, Maharashtra.
2016	The Company was incorporated as Flair Writing Industries Private Limited after converting M/s. Flair Writing Instruments.
2018	The Company was converted into a public limited company and set up a manufacturing facility in Valsad, Gujarat.
2021	The Company introduced the Flair Creative range of art and craft products.
2022	The Company registered the 'Zoox' brand as a trademark, acquired Flair Cyrosil Industries Private Limited as a subsidiary, and established the Valsad Building-IV manufacturing plant in Valsad, Gujarat.
2023	The Company launched steel bottles in domestic & international market BIS Certificate received and was listed on BSE and NSE on 1st December 2023.
2024	The Company achieved an installed annual production capacity of approximately 2.30 Bn units. The Company entered a strategic partnership with Maped France for its stationery products and incorporated Flomax Stationery Private Limited. Started with manufacturing of Wooden Pencils launched from Surat in FY26

Source: Company, SMIFS Research

Flair Writing Industries Limited – Brand & Product Portfolio Overview

Fig 131: Brands



Segment-wise product offerings

Source: Company, SMIFS Research

Fig 132: Overview of Major Brands

Brand	Brand Description	Products	SKUs	Price Range / ASP	Positioning	Revenue Mix	Manufacturing	Target User	Competitors / OEM
Flair (Flagship Brand – Writing Instruments)	Established in 1976, flagship writing brand positioned in the mid-mass segment with strong trust and recall. Institutionalized in 1986 and incorporated as Flair Writing Industries Ltd in 2016 for scale and global expansion.	Ball pens, gel pens, roller pens, fountain pens, mechanical pencils, markers, highlighters, correction pens, student kits, calculators	350+	Mass: Rs5–15; Mid-premium: Rs16–100; Premium: >Rs100	Mass to Premium	FY23: 96%; FY24: 81%; FY25: 77%; FY26: 68%	100% in-house; 2.4 bn pens capacity p.a. (~75% utilization)	Students & Professionals (India & Overseas)	Competitors: Linc, Cello, BIC, Luxor, Reynolds; OEM: Reynolds (Domestic), Paper Mate, Stabilo, Faber-Castell (Export)
Hauser (Heritage German Brand)	Founded in Germany in 1947. Represents European design, craftsmanship and reliability. Combines international styling with Flair's manufacturing capabilities.	Pens, gel pens, mechanical pencils, highlighters, markers	300+	Rs6–325	Mass to Mid-premium	NA	Manufactured by Flair	Students, Professionals, Aspirational Consumers	Linc, Cello, Luxor, Camlin
Pierre Cardin (Premium Writing Instruments)	Globally recognized fashion and lifestyle brand offering design-led premium writing instruments with strong gifting appeal.	Premium pens, gift sets	240+	Rs50–3,000	Premium	NA	Manufactured by Flair	Premium Consumers, Corporates, Gifting Buyers	Premium Writing Instrument Brands
Zoox (Premium Plastic Pens)	Modern sub-brand focused on minimalist and contemporary styling in premium plastic pens. Positioned as a value alternative to imported premium pens.	Premium plastic pens	14	NA	Mid-premium to Premium	NA	Manufactured by Flair	Urban & Design-conscious Users	Imported Premium Pen Brands
Flair Creative (Art & Student Stationery)	Dedicated creative and student stationery brand focused on home learning, school projects and artistic expression. Emphasizes vibrant colours and child-friendly design.	Crayons, sketch pens, colour pencils, craft kits, student stationery	215+	NA	Student & Creative Stationery	FY21: 0%; FY24: 15%; FY25: 16%; FY26: 24%	In-house manufacturing increased from 40% to 75% (Q4FY26)	Students, Children, Hobby Artists	DOMS, Camlin, Faber-Castell
Flair Calculators (Electronics)	Calculator portfolio launched in 2008 focusing on usability and reliability for academic and commercial use.	Pocket calculators, desktop calculators, semi-desktop calculators, scientific calculators	NA	NA	Functional Electronics	NA	NA	Students & Business Users	Casio, Citizen, Orpat
Steel Bottles & Houseware (Diversification)	Recent diversification into home and lifestyle products combining functionality and aesthetics. Manufactured in a BIS-certified facility.	Steel bottles, lunch boxes, storage containers, kitchen accessories	50+	Single Wall Bottles: Rs150–300; Double Wall Bottles: Rs800–2,000; Tumblers & Coffee Mugs: Rs800–1,500; Insulated Flasks & Bottles: Rs700–1,500	Lifestyle & Houseware	FY21: 0%; FY24: 2%; FY25: 4%; FY26: 7%	100% in-house (caps outsourced); 3 lines; 5.7 mn units capacity p.a.	Household Consumers	Milton, Borosil, Cello

Manufacturing Capacities

Flair operates an integrated manufacturing network of **11 facilities across India** with a total installed capacity of **2.4 billion pieces per annum**. The facilities are strategically located across **Valsad (Gujarat), Daman, Naigaon (Maharashtra), Dehradun (Uttarakhand), and Surat (Gujarat)**. The **Valsad facilities** manufacture pens, creative products, steel bottles, and houseware products; **Daman** focuses on pen and tip manufacturing along with creative products; **Naigaon** produces calculators and premium Pierre Cardin metal pens; **Dehradun** manufactures pens and creative products; while **Surat (Flomax Stationery)** specializes in pencils and allied creative products. The company has strong backward integration with **100% in-house pen manufacturing, 80%+ in-house tip production, 75%+ in-house creative products manufacturing, and 100% in-house steel bottles & houseware production**, supporting quality control and margin improvement.

Capacity Expansion

To support future growth, Flair commissioned a new manufacturing facility at **Valsad** for writing instruments and stationery products, with operations expected to commence in **Q1FY27** and ramp up by **Q3FY27**. The company also expanded its **Surat (Flomax)** facility through investments in plant, machinery, and infrastructure. These expansions are expected to increase writing instruments and stationery capacity, enhance operational efficiency, and support long-term growth.

Key Manufacturing Initiatives

- Increased in-house manufacturing of creative products to **75%+**, improving quality control and profitability.
- Higher automation and robotic integration to enhance productivity and manufacturing efficiency.
- **1.85 MW rooftop solar installation** at Valsad and Daman facilities, supporting cost savings and sustainability initiatives.

Fig 133: Manufacturing Facilities



Upcoming Manufacturing Facilities



Source: Company, SMIFS Research

Key risks

- **Execution risks in new categories:** Flair's growth strategy increasingly hinges on scaling newer segments such as Creative Products and Steel Bottles & Houseware. While these categories have delivered strong growth, successful execution remains critical. Delays in scaling distribution, slower-than-expected consumer adoption, sub-optimal capacity utilization and challenges associated with managing a broader product portfolio could impact growth and profitability.
- **Raw material price volatility:** Key raw materials such as plastic granules, polymers, inks and packaging materials are linked to crude oil prices. Sharp increases in commodity prices or supply chain disruptions could adversely affect margins, particularly if the company is unable to pass on higher costs through price increases or premiumization initiatives in a timely manner.
- **Intense competitive landscape:** The writing and creative instruments industry remains highly competitive, with organized players such as DOMS, Camlin, Linc and Luxor, alongside a large unorganized market. Heightened competition, aggressive pricing or increased promotional spending could impact market share, profitability and returns on marketing investments.
- **Dependence on key brands and partnerships:** A significant portion of revenues is derived from flagship brands such as Flair, Hauser and Pierre Cardin. Any deterioration in brand perception, failure to sustain innovation or non-renewal of key licensing and partnership agreements, including Pierre Cardin and Disney, could adversely impact growth and premiumization efforts.
- **Slower-than-expected scale-up of new capacities:** Flair is undertaking significant investments in the Valsad and Surat facilities to support future growth. Delays in ramp-up, lower capacity utilization or slower realization of operating leverage benefits could weigh on profitability and return ratios.
- **Export and geopolitical risks:** Exports contribute meaningfully to revenues and are exposed to macroeconomic conditions, geopolitical developments and demand trends across key markets. Prolonged weakness in international demand, disruptions in logistics or adverse currency movements could impact export growth, particularly the OEM business.
- **Customer concentration in OEM business:** Although the share of own-brand sales has increased significantly, export OEM revenues remain dependent on a limited number of customers. Lower order volumes or loss of key clients could impact revenues and capacity utilization.
- **Working capital and inventory risks:** The company maintains relatively high inventory levels to support a diversified product portfolio and mitigate raw material volatility. Any slowdown in demand, inventory obsolescence or inefficient working capital management could adversely affect cash flows and return ratios.

Valuation and Recommendations

We view Flair Writing as a structurally attractive branded consumer franchise, supported by category leadership in pens, one of the widest distribution networks in the industry, strong backward integration and a long runway for premiumisation. Over the last few years, the company has successfully transformed itself from a pen-centric, OEM-driven business into a predominantly own-brand, multi-category platform, with Creative Products and Steel Bottles & Houseware emerging as meaningful growth drivers.

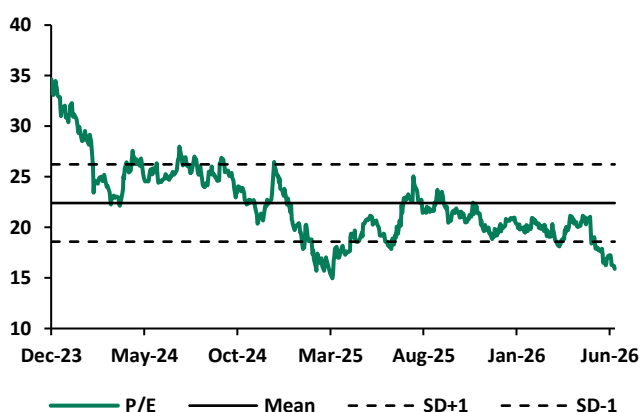
While the core pens business continues to provide scale, cash generation and strong brand recall, the increasing contribution from newer categories is improving the quality and diversity of earnings. Creative Products and Steel Bottles & Houseware together accounted for ~31% of revenues in FY26, up from just ~11% in FY21, highlighting the success of the company's diversification strategy. These categories benefit from favorable structural trends such as rising discretionary spending, premiumisation, formalisation and increasing consumer preference for branded products, while also offering superior growth opportunities and attractive margin profiles.

Flair's strategic shift towards own brands has further strengthened earnings quality. Own-brand products accounted for ~91% of revenues and ~95% of pen sales in FY26, enhancing pricing power, customer stickiness and margin resilience. In addition, increasing automation, backward integration and operating leverage are expected to support steady margin expansion and gradual improvement in return ratios. Capacity additions at Valsad and Surat, coupled with higher utilization of existing assets, should further strengthen earnings visibility and cash generation over the medium term.

Despite these strengths, Flair continues to trade at 14x FY28E EPS a meaningful discount to organized peers, particularly DOMS (44x FY28E EPS). We believe this valuation gap is excessive and fails to adequately capture the company's strong manufacturing capabilities, extensive distribution network, brand portfolio and emerging growth drivers. As the company demonstrates sustained execution and scales its newer categories, we expect the discount to narrow, supported by: i) Diversified growth drivers beyond the core pens business ii) Improving earnings quality driven by rising own-brand contribution iii) Operating leverage, premiumisation and margin expansion iv) Better asset utilization and gradual improvement in return ratios and v) Stronger earnings visibility and free cash flow generation. Accordingly, we value Flair at **21x FY28E EPS of Rs18.6**, implying a **target price of Rs391**. We initiate coverage with a **BUY** rating.

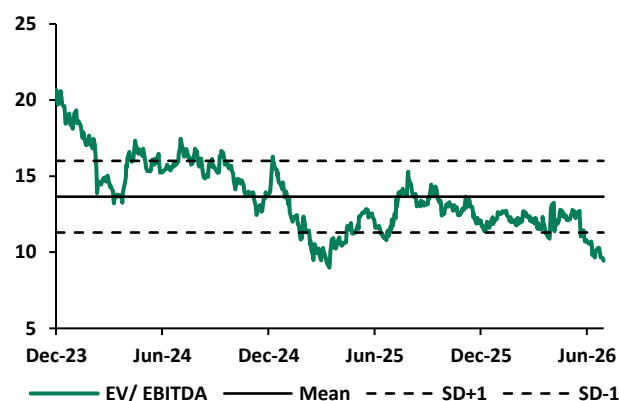
We believe Flair represents an attractive opportunity to participate in a scalable, asset-backed and increasingly premiumized consumer franchise, with multiple growth levers, improving earnings quality and scope for valuation re-rating as the market gains confidence in the sustainability of its multi-category growth strategy.

Fig 134: 1 Year Forward P/E Chart



Source: ACE Equity, SMIFS Research

Fig 135: 1 Year Forward EV/EBITDA Chart



Source: ACE Equity, SMIFS Research

Quarterly financials, operating metrics & key performance indicators

Fig 136: Quarterly Financials (Consolidated)

Y/E March (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Sales	2,471	2,701	2,645	2,980	2,885	3,209	3,177	3,230
Raw Materials	1,242	1,274	1,274	1,532	1,443	1,543	1,560	1,577
Employee Costs	383	423	435	476	504	563	536	542
Other Expenditure	426	498	484	504	443	499	512	534
EBITDA	420	506	453	468	495	604	569	577
Other Income	49	51	65	80	33	85	31	58
Depreciation	101	106	117	123	127	132	135	137
EBIT	369	451	401	426	401	557	466	499
Interest	15	14	13	11	12	15	12	13
Exceptional items	-	-	-	-	-	-	-	-
PBT	354	437	388	414	388	542	454	486
Tax	92	110	95	106	99	115	122	121
Tax rate (%)	26.0	25.1	24.6	25.5	25.4	21.2	27.0	24.8
PAT	262	328	293	308	290	427	331	365
Share of Associate / JV	0	0	0	0	0	0	0	0
Minority Interest	(3)	(1)	(1)	0	3	1	4	7
Consol. PAT	265	329	293	308	286	426	327	358
Adjusted PAT	265	329	293	308	286	426	327	358
YoY Growth (%)								
Revenue	0.2	5.1	17.6	19.2	16.8	18.8	20.1	8.4
EBITDA	-19.7	-6.0	31.1	-7.3	17.9	19.2	25.7	23.3
Adj PAT	-17.6	-1.2	53.2	-10.1	8.1	29.5	11.6	16.1
QoQ Growth (%)								
Revenue	-1.2	9.3	-2.1	12.7	-3.2	11.2	-1.0	1.7
EBITDA	-0.2	0.2	-0.1	0.0	0.1	0.2	-0.1	0.0
Adj PAT	-0.2	0.2	-0.1	0.1	-0.1	0.5	-0.2	0.1
Margin (%)								
RMC/revenue (%)	50.3	47.2	48.1	51.4	50.0	48.1	49.1	48.8
Gross margin (%)	49.7	52.8	51.9	48.6	50.0	51.9	50.9	51.2
Employee Costs / Revenue (%)	15.5	15.7	16.4	16.0	17.5	17.5	16.9	16.8
Other Expenses / Revenue (%)	17.2	18.4	18.3	16.9	15.3	15.6	16.1	16.5
EBITDA margin (%)	17.0	18.7	17.1	15.7	17.2	18.8	17.9	17.9
PAT margin (%)	10.7	12.2	11.1	10.3	9.9	13.3	10.3	11.1
Operational Metrics	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Revenue mix (%)								
Pens	79%	79%	74%	74%	71%	69%	67%	66%
Creative	15%	15%	17%	16%	23%	22%	24%	27%
Steel Bottles	3%	4%	5%	4%	5%	8%	8%	7%
Others	2%	2%	4%	5%	2%	1%	1%	1%

Source: Company, SMIFS Research

Fig 137: Key Performance Indicators

KPIs	FY24	FY25	FY26	FY27E	FY28E
Revenues	9,787	10,799	12,501	14,193	15,891
YoY (%)	3.8%	10.3%	15.8%	13.5%	12.0%
EBITDA	1,912	1,847	2,245	2,611	3,035
EBITDAM (%)	19.5%	17.1%	18.0%	18.4%	19.1%
Revenue Mix (%)					
Revenue Split by products					
Pens	81.0%	76.7%	67.8%	61.9%	58.0%
Creative	14.8%	15.8%	23.8%	28.3%	31.6%
Steel bottle	1.8%	4.1%	6.8%	8.4%	9.0%
Others	2.3%	3.4%	1.5%	1.4%	1.3%
Revenue split by Geography					
Domestic Sales	81.0%	84.0%	83.0%	83.0%	83.5%
Export	19.0%	16.0%	17.0%	17.0%	16.5%
Revenue Mix					
Own Brand	86.0%	87.0%	91.0%	92.0%	93.0%
OEM	14.0%	13.0%	9.0%	8.0%	7.0%
Volume / Realization					
Production capacity pens (in mn pieces)	2210	2210	2400	2400	2640
Capacity Utilisation (in %)	70	75	80	85	85
Production (in mn pieces)	1,547	1,658	1,920	2,040	2,244
Number of pens sold (mn pieces)	1,410	1,438	1,459	1,488	1,526
YoY (%)	8.2%	2.0%	1.5%	2.0%	2.5%
Average ASP (Rs)	5.6	5.8	5.8	5.9	6.0
YoY (%)	4.5%	2.3%	0.9%	1.5%	2.5%

Source: Company, SMIFS Research Estimates

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	9,787	10,799	12,501	14,193	15,891
Raw Materials	4,857	5,322	6,123	6,983	7,802
% of sales	49.6	49.3	49.0	49.2	49.1
Personnel	1,458	1,717	2,145	2,384	2,622
% of sales	14.9	15.9	17.2	16.8	16.5
Other Expenses	1,560	1,912	1,988	2,214	2,431
% of sales	15.9	17.7	15.9	15.6	15.3
EBITDA	1,912	1,847	2,245	2,611	3,035
Pre IND-AS EBITDA	1,838	1,754	2,161	2,527	2,951
Other Income	145	246	208	255	286
Depreciation & Amortization	368	447	531	602	644
EBIT	1,690	1,646	1,922	2,265	2,677
Finance cost	102	53	52	31	33
Core PBT	1,443	1,347	1,663	1,979	2,358
Exceptional items	0	0	0	0	0
PBT	1,588	1,593	1,871	2,235	2,645
Tax-Total	403	403	457	563	666
Effective tax rate (%)	25.4	25.3	24.4	25.2	25.2
PAT	1,185	1,191	1,413	1,671	1,978
Minority Interest	(5)	(5)	16	16	16
Consolidated PAT	1,190	1,196	1,398	1,656	1,963
Adjusted PAT	1,190	1,196	1,398	1,656	1,963

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY24	FY25	FY26	FY27E	FY28E
Growth Ratio (%)					
Revenue	3.8	10.3	15.8	13.5	12.0
EBITDA	4.2	-3.4	21.5	16.3	16.2
Pre IND-AS EBITDA	2.1	-4.6	23.2	16.9	16.8
Adjusted PAT	1.5	0.5	16.9	18.5	18.5
Margin Ratios (%)					
Gross Profit	50.4	50.7	51.0	50.8	50.9
EBITDA	19.5	17.1	18.0	18.4	19.1
Pre IND-AS EBITDA	18.8	16.2	17.3	17.8	18.6
EBIT	17.3	15.2	15.4	16.0	16.8
Core PBT	14.7	12.5	13.3	13.9	14.8
Adjusted PAT	12.2	11.1	11.2	11.7	12.4
Return Ratios (%)					
ROE	17.8	12.5	12.9	13.5	14.0
ROCE	16.6	12.1	12.8	13.3	13.8
Turnover Ratios (days)					
Gross Block Turnover (x)	2.4	2.0	1.9	1.9	1.9
Adj OCF Pre IND - AS) /Adj PAT (%)	45.1	33.3	86.4	85.7	92.5
Inventory	82	87	94	96	94
Debtors	72	80	78	74	73
Creditors	24	20	18	18	18
Cash conversion cycle	130	147	154	152	149
Solvency Ratio (x)					
Debt-equity	0.1	0.1	0.1	0.0	0.0
Net debt-equity	-0.2	-0.1	-0.1	-0.1	-0.2
Gross Debt/EBITDA	0.3	0.3	0.3	0.2	0.1
Current Ratio	5.6	5.8	5.5	5.8	6.4
Interest coverage ratio	16.6	31.3	37.1	73.4	82.1
Dividend					
Adj DPS	0.0	1.0	0.5	0.6	0.7
Dividend Yield (%)	0.0	0.4	0.2	0.2	0.3
Dividend Payout (%)	0.0	8.8	3.8	3.8	3.9
Per share Ratios (Rs)					
Basic EPS (Reported)	11.3	11.3	13.3	15.7	18.6
Adjusted EPS	11.3	11.3	13.3	15.7	18.6
CEPS	14.8	15.6	18.3	21.4	24.7
BVPS	85.3	96.6	108.4	123.7	141.7
Valuation (x)*					
Adj P/E	28.4	25.0	20.2	17.1	14.4
P/BV	3.8	2.9	2.5	2.2	1.9
EV/EBITDA	16.7	15.7	12.3	10.2	8.3
EV/Sales	3.3	2.7	2.2	1.9	1.6
Adj Mcap / Core PBT	21.7	21.2	16.9	14.1	11.6
Adj Mcap / Adj OCF (Pre IND-AS)	58.2	71.8	23.3	19.6	15.1

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Sources of funds					
Capital	527	527	527	527	527
Reserves & Surplus	8,460	9,651	10,898	12,507	14,409
Shareholders' Funds	8,987	10,178	11,425	13,034	14,936
Total Loan Funds	634	542	572	512	452
Other Liabilities	172	187	223	223	223
Total Liabilities	9,793	10,907	12,221	13,769	15,611
Application of funds					
Gross Block	4600	5992	7110	7960	8660
Net Block	3,011	3,955	4,543	4,791	4,847
Capital WIP	202	230	600	600	600
Quasi Cash Investments					
Investments	148	120	96	96	96
Other Non-current Assets	565	501	433	433	434
Inventories	2,265	2,871	3,540	3,941	4,282
Sundry Debtors	2,149	2,589	2,734	3,026	3,301
Current Investments	0	310	1,197	1,697	2,697
Cash & Bank Balances	2,342	1,142	113	396	744
Other Current Assets	397	464	410	410	410
Total Current Assets	7,153	7,376	7,994	9,470	11,433
Sundry Creditors	656	539	665	755	846
Other Current Liabilities	629	735	779	866	953
Total Current Liabilities	1,285	1,274	1,444	1,621	1,799
Net Current Assets	5,868	6,101	6,549	7,848	9,634
Total Assets	9,793	10,907	12,221	13,769	15,611

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Operating profit before WC changes					
Net chg in working capital	(741)	(1,006)	(528)	(517)	(439)
Income tax Paid	(472)	(381)	(440)	(563)	(666)
Cash flow from Operating Activities (a)- Pre IND-AS	613	423	1,232	1,451	1,847
Adj. OCF Pre IND-AS	537	398	1,208	1,420	1,815
Capital expenditure	(1,102)	(1,338)	(1,411)	(850)	(700)
Adj FCF	(565)	(940)	(203)	570	1,115
Cash flow from Investing Activities (b)	(2,852)	(255)	(1,610)	(1,095)	(1,414)
Debt	(725)	(135)	76	(60)	(60)
Dividend	-	(105)	(53)	(63)	(76)
Interest & lease	(76)	(25)	(24)	(31)	(33)
Others	3,389	12	(214)	-	-
Cash flow from Financing Activities (c)	2,588	(253)	(215)	(154)	(168)
Net change in Cash (a+b+c) Pre IND-AS	349	(85)	(593)	202	265

Source: Company, SMIFS Research Estimates

DOMS Industries Ltd

From Scholastic Leader to Children's Platform

Founded in 2006 and headquartered in Valsad, Gujarat, DOMS Industries is India's second-largest organised stationery and art materials company, with leadership positions in key categories such as pencils (~29% market share) and mathematical instrument boxes (~30%). Backed by a highly integrated manufacturing ecosystem (~95% in-house production), 18 manufacturing facilities across five locations and over 2.0 mn sq. ft. of operational area, the company has evolved into a diversified children-focused platform spanning scholastic stationery, writing instruments, art materials, paper stationery, office supplies, kits & combos, hobby & craft products and baby hygiene. DOMS has established a strong pan-India presence across 28 states and 8 union territories and exports to 55+ countries. It has further strengthened its competitive positioning through its long-standing strategic partnership with FILA, providing access to global product development capabilities, design expertise, manufacturing know-how and international distribution opportunities. DOMS has delivered a strong revenue CAGR of ~36% over FY22–FY26, supported by sustained category expansion, product innovation, capacity additions and increasing brand acceptance across domestic and export markets. Recent diversification into paper stationery, bags, packaging, toys and baby hygiene products has further expanded its addressable market and strengthened its children-centric ecosystem. The upcoming greenfield facility, with the first phase expected to commence commercial production by the end of Q2FY27, is expected to support future growth across key product segments. Management has also outlined a capex plan of Rs 2.5–2.75bn for FY27, reflecting confidence in the long-term demand outlook. We expect DOMS to deliver a revenue CAGR of ~19% over FY26–FY28E, supported by diversification, distribution-led growth and incremental capacities. While margins may remain range-bound in the near term owing to investments in new categories, capacity expansion, brand building initiatives and raw material volatility. We value DOMS at 46x FY28E EPS to arrive a target price of Rs 2,460 and initiate coverage with an ACCUMULATE rating. While DOMS offers a compelling long-term growth opportunity backed by favourable industry dynamics, strong execution capabilities and a differentiated integrated business model, the current valuation factors in a significant portion of the medium-term growth potential, limiting near-term upside.

Leadership in core categories supported by scale, integration and distribution expansion: DOMS has established strong leadership across key scholastic categories, including pencils and mathematical instrument boxes, while steadily strengthening its presence in high-growth segments such as writing instruments, office supplies, paper stationery, hobby & craft and kits & combos. DOMS benefits from a diversified portfolio of over 4,700 SKUs, a highly integrated manufacturing ecosystem with ~95% in-house production and 18 manufacturing facilities across locations. These capabilities support product innovation, cost efficiencies and faster time-to-market. Coupled with a strong distribution network reaching ~145,000 retail outlets and continued expansion into underpenetrated markets, DOMS remains well positioned to drive sustained market share gains and long-term growth.

Capacity expansion and FILA partnership support long-term growth visibility: DOMS continues to invest in future growth through capacity additions, including its upcoming greenfield facility, with 1st phase expected to commence commercial production by end of Q2FY27. It has also guided for Rs 2.5–2.75bn of capex in FY27, reflecting confidence in demand visibility. Additionally, its long-standing partnership with FILA provides access to global product development capabilities, design expertise and international distribution opportunities, supporting exports to 55+ countries and strengthening its premium product portfolio. Together, these initiatives are expected to support sustained growth, category expansion and operating leverage over the medium term.

Adjacency expansion broadens growth opportunity, albeit with near-term margin dilution: DOMS has expanded beyond its core stationery portfolio into adjacent categories such as baby hygiene, school bags, toys and packaging, strengthening its position as a diversified children-focused platform. While these categories meaningfully expand the company's addressable market and create incremental growth avenues, they remain in the investment and scale-up phase. Continued spending on product development, brand building, distribution and capacity creation may keep margins range-bound in the near term until these businesses achieve meaningful scale. Accordingly, execution and profitability in newer categories remain key monitorable.

Strong growth outlook supported by scale expansion; margin to remain under pressure in the near term: We expect DOMS to deliver a revenue CAGR of ~19% over FY26–FY28E, driven by category diversification, distribution expansion, new product launches and capacity additions. While profitability may remain under pressure in the near term due to investments in growth initiatives and raw material volatility, improving utilisation levels, operating leverage and scale benefits should support gradual margin improvement over the medium term. We initiate coverage with an ACCUMULATE rating and target price of Rs 2,460, valuing DOMS at 46x FY28E EPS. Despite strong growth visibility and execution, the current valuation adequately captures the medium-term earnings opportunity.

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	Adj. EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY24	15,371	26.8	2,727	17.7	1,531	59.8	25.2	25.6	22.8	57.3	31.7
FY25	19,126	24.4	3,484	18.2	2,023	32.1	33.3	21.0	19.5	73.0	42.4
FY26	23,264	21.6	4,026	17.3	2,302	13.8	37.9	19.3	18.0	61.6	35.4
FY27E	27,438	17.9	4,570	16.7	2,650	15.1	43.7	18.6	18.2	53.5	31.2
FY28E	32,672	19.1	5,474	16.8	3,218	21.4	53.0	19.1	18.9	44.1	25.8

Source: Company, SMIFS Research Estimates



Rating: **Accumulate** Upside: **5%**
 Current Price: **2,337** Target Price: **2,460**

Market data	
Bloomberg:	DOMS:IN
52-week H/L (Rs):	2,764/2,007
Mcap (Rs bn/USD bn):	141.8/1.5
Shares outstanding (mn):	60.7
Free float (%):	29.6%
Daily vol. (3M Avg. in '000):	207
Face Value (Rs):	10

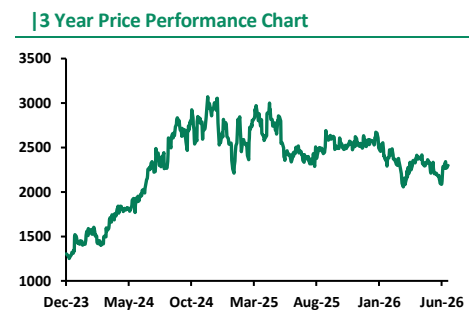
Source: Bloomberg; SMIFS Research

Shareholding pattern (%)				
	Mar-26	Dec-25	Sep-25	Jun-25
Promoter	70.4	70.4	70.4	70.4
FIIs	7.6	8.4	8.5	9.1
DIIIs	19.1	18.2	17.7	16.2
Public/others	2.9	3.0	3.4	4.3

Promoter Pledging				
Pledging	NA	NA	NA	NA
Source: BSE				

Price performance (%)				
	1M	3M	12M	36M
NIFTY 50	2.1	5.2	-6.6	24.4
NIFTY 500	2.5	9.8	-2.6	30.0
DOMS	5.6	0.4	-8.4	NA

As on 30th Jun 2026, Source: AceEquity, SMIFS Research



Source: BSE

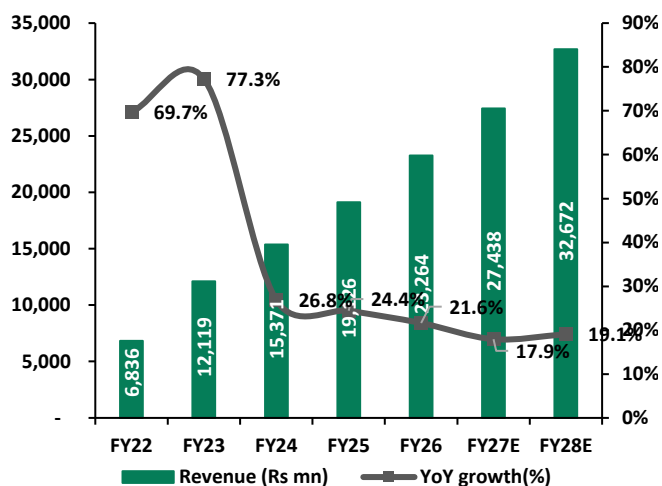
Shraddha Kapadia
 Sector Lead
 +91 9987038082 / 022-4200 5565
shraddha.kapadia@smifs.com

Manasi Joshi
 Research Associate
 +91 9757275776 / 022-4200 5550
manasi.joshi@smifs.com

Honey Nathani
 Jr. Research Associate
 +91 9326355422 / 022-4200 5548
honey.nathani@smifs.com

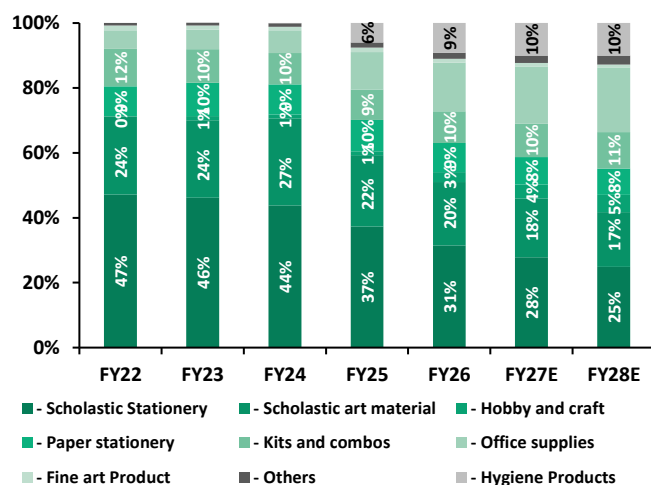
Story In Charts

Fig 138: Revenues to grow at a CAGR of ~19% over FY26-28E



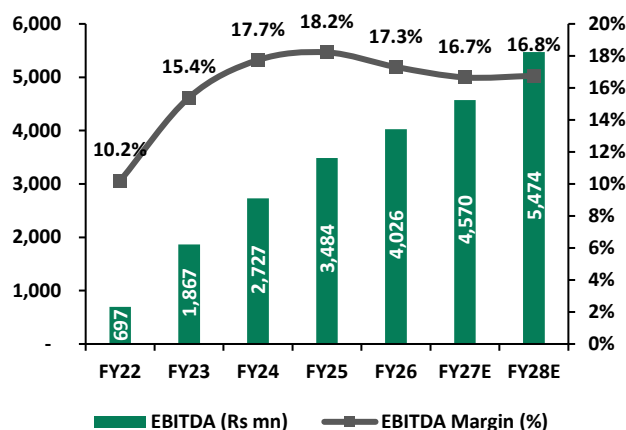
Source: Company, SMIFS Research Estimates

Fig 139: Improving Portfolio Diversification



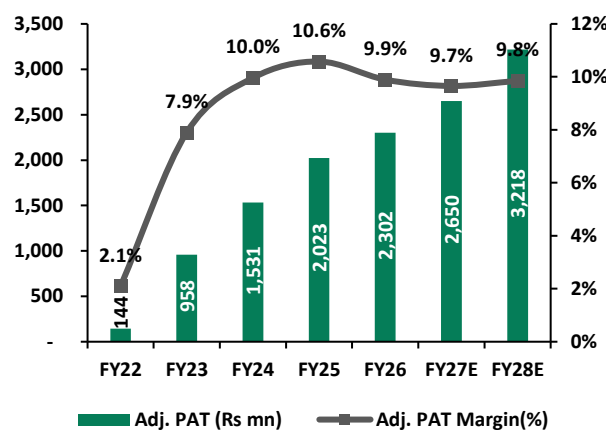
Source: Company, SMIFS Research Estimates

Fig 140: EBITDA to grow at a CAGR of ~17% over FY26-28E



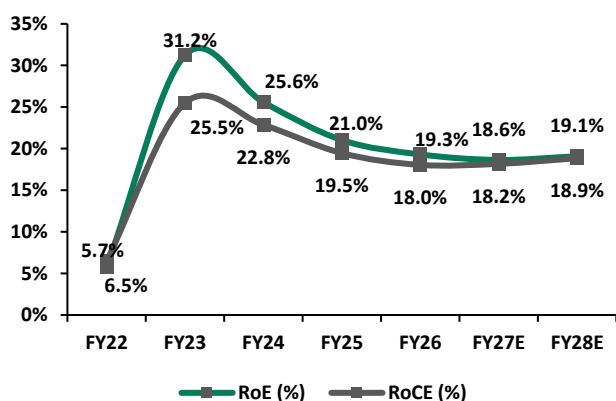
Source: Company, SMIFS Research Estimates

Fig 141: Adj. PAT to grow at a CAGR of ~18% over FY26-28E



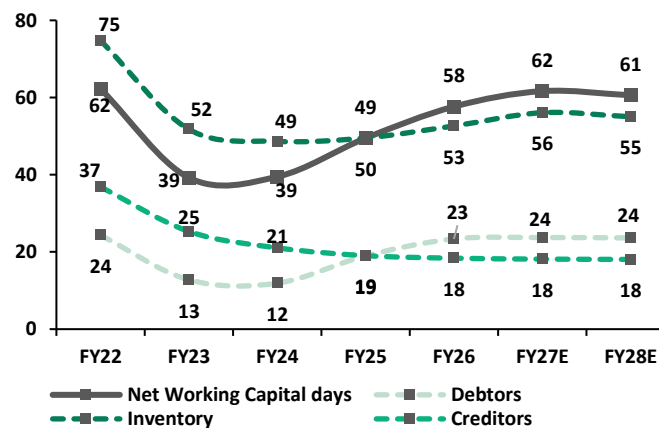
Source: Company, SMIFS Research Estimates

Fig 142: ROE & ROCE to reach 19% by FY28E



Source: Company, SMIFS Research Estimates

Fig 143: Working Capital Cycle to Remain Elevated



Source: Company, SMIFS Research Estimates

Investment Rationale

Building an innovation-led, diversified portfolio:

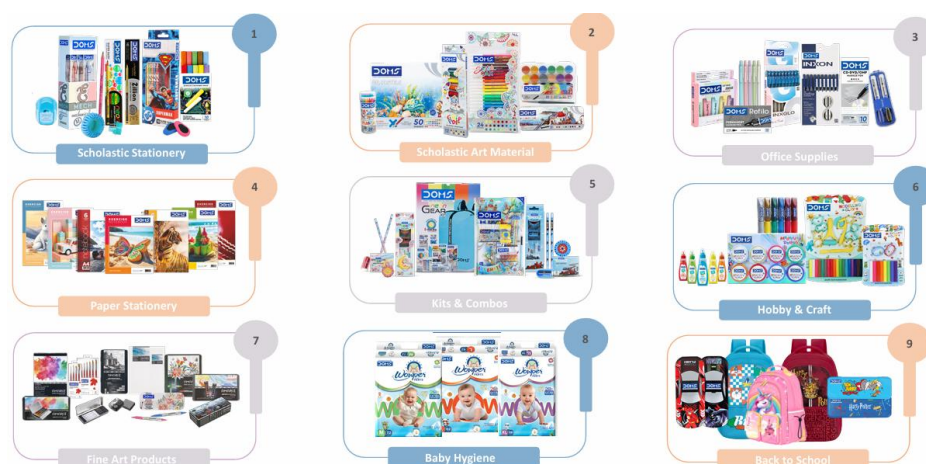
Fig 144: Different Brands under DOMS



Source: Company, SMIFS Research

DOMS has emerged as one of the leading organised players in India's stationery and art materials market, supported by strong category leadership in core segments such as pencils and mathematical instrument boxes, where it commands market shares of ~29% and ~30%, respectively. The company has steadily expanded its overall market share from ~8% in FY18 to an estimated ~15–16% by FY26, underpinned by strong brand equity, superior distribution and sustained product innovation. Over time, DOMS has evolved from a stationery company into a broader kids-centric consumer platform, with a portfolio spanning scholastic stationery, art materials, paper products, office supplies, kits and combos, hobby and craft products, school bags, toys and baby hygiene products. Its product basket has expanded to over 4,700 SKUs across nine categories, enabling higher wallet share and deeper consumer engagement.

Fig 145: Diversified Product Portfolio – One Stop Shop for All Stationery and Art Materials; and Baby Hygiene Products



Source: Company, SMIFS Research

The company is strategically broadening its addressable market through expansion into underpenetrated adjacencies. Investments in ClapJoy Innovations (toys), Uniclan Healthcare (baby hygiene) and SKIDO Industries (school bags) highlight management's ambition to build a comprehensive children's lifestyle ecosystem rather than remain confined to traditional stationery. These categories provide access to larger consumption opportunities while reducing dependence on legacy segments and creating multiple growth engines over the long term.

A key competitive advantage for DOMS lies in its integrated manufacturing model, with nearly 95% of products manufactured in-house. This high level of backward integration provides better control over quality, costs and product development while enabling faster commercialisation of new products. Supported by scale benefits and operational efficiencies, the company has maintained industry-leading profitability. Alongside capacity expansion, DOMS has accelerated innovation, adding nearly 700 new SKUs since FY24 and launching products across writing instruments, office supplies, paper stationery, back-to-school products and hobby & craft categories, thereby strengthening shelf presence and retailer economics. New launches including school bags, tin-based pencil boxes, stamp pads, mechanical pencils, highlighters and paper stationery have received encouraging consumer response.

Innovation has been at the core of DOMS' philosophy since inception. Established with the objective of addressing the lack of product differentiation in the Indian stationery market, the company has built strong capabilities in research, design and product development, aided by technical collaboration with FILA. Dedicated design and R&D teams closely track global trends and consumer preferences, while new products and processes are first piloted at the Umbergaon facilities before being commercialised, ensuring consistent quality and efficient execution.

This innovation-led approach is visible across categories. In mathematical instrument boxes, DOMS introduced differentiated designs such as licensed ISRO-themed products and two-compartment boxes with dedicated slots for each instrument. In accessories, the

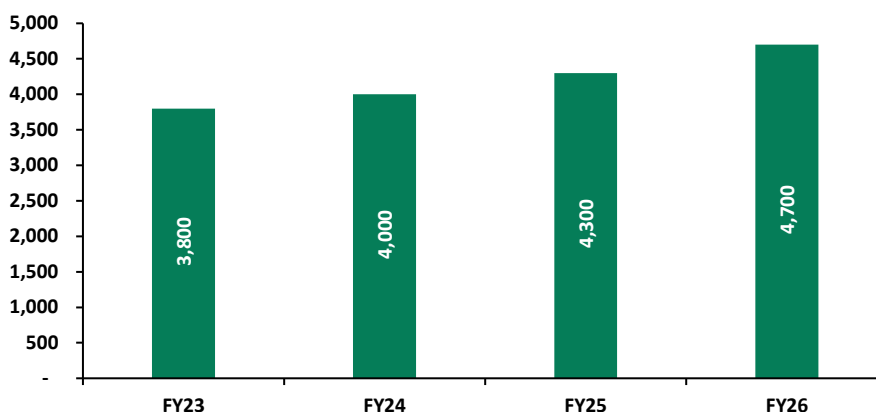
Fig 146: State-of-Art R&D Facility and In-House Designing Team



Source: Company, SMIFS Research
Note: (1) As of December 31, 2025

company has launched retractable erasers, combination eraser-sharpener and ambidextrous sharpeners. In writing instruments, it has expanded aggressively into ball pens, mechanical pencils and highlighters, while introducing differentiated offerings such as washable pens and ergonomic designs. Continuous product innovation, supported by strong branding and manufacturing capabilities, has enabled DOMS to sustain premiumisation, improve consumer engagement and strengthen its position as a comprehensive children's consumer brand.

Fig 147: DOMS'S Innovation Machine on the Roll



Source: Company, SMIFS Research

Stationery leader to an integrated children-centric growth platform

DOMS has pursued a calibrated diversification strategy aimed at expanding beyond traditional stationery into adjacent, high-engagement categories aligned with the evolving needs of children and young adults across different life stages. Capital allocation has been focused on opportunities that either deepen manufacturing capabilities, broaden the product portfolio, strengthen distribution reach, or enhance profitability through integration and scale. Importantly, the company has demonstrated a strong track record of executing and integrating acquisitions that are complementary to its core competencies, thereby creating multiple long-term growth drivers.

Fig 148: Entry into School Bags: Skido



Source: Company, SMIFS Research

Fig 149: Acquisitions Executed: Portfolio Expansion and Capability Building

Acquisition	Year	Stake	Strategic Rationale
R.R. Industries & S. Tech Industries	FY12	100% (business acquisition)	Consolidated legacy pencil, crayon, and polymer-based stationery manufacturing under one umbrella to streamline operations and improve scale
Pioneer Stationery Pvt. Ltd.	FY16	51%	Entry into paper stationery segment; scale-up of notebooks and paper products
Uniwrite Pens & Plastics Pvt. Ltd.	FY17–FY23	Up to 60% (divested)	Entry attempt into pens ; subsequently exited due to underperformance, reflecting disciplined capital allocation
ClapJoy Innovations Pvt. Ltd.	Feb-23	30%	Entry into educational toys, puzzles, and learning games ; enhances early childhood portfolio
Micro Wood Pvt. Ltd.	Aug-23	75%	Backward integration into decorative tin boxes and packaging ; improves control over kits and premium offerings
SKIDO Industries Pvt. Ltd.	2024	51%	Entry into school bags ; strengthens back-to-school ecosystem and kits/combo offerings
Uniclan Healthcare Pvt. Ltd.	Sep-24	51.80%	Entry into baby hygiene (diapers, wipes) ; expands addressable market into early infancy
Super Treads Pvt. Ltd.	2025	Majority	Expands paper manufacturing capacity and strengthens presence in eastern India; reduces logistics cost for paper products
Reynolds Pens India Pvt. Ltd.	2026	Asset Purchase Agreement (USD 3.7 Mn, excluding inventory) to acquire assets associated with the Reynolds	DOMS will acquire the Reynolds brand-related assets, IP, select employees and contracts, strengthening its writing instruments portfolio. The deal expands market reach, enables faster integration through manufacturing assets and creates opportunities for premiumisation and cross-selling across DOMS' distribution network

Source: Company, SMIFS Research

Over the years, DOMS has steadily evolved from a writing instruments company into a broader kids-focused consumer platform. Its product basket today spans scholastic

stationery, art materials, paper stationery, office supplies, hobby and craft products, school bags, toys and baby hygiene products, catering to consumers from infancy to young adulthood. This diversification has reduced dependence on a narrow set of categories while increasing wallet share and strengthening brand engagement. Management continues to evaluate inorganic opportunities that complement the existing portfolio and support its aspiration of building a comprehensive children-centric consumer franchise rather than remaining a pure-play stationery manufacturer.

As part of this strategic transition, DOMS has expanded its presence in the early childhood segment through products such as the DOMS TOTS range of paints and colours targeted at children aged two years and above. Early childhood categories offer higher brand affinity and stronger lifetime customer value, making them attractive adjacencies. The company's focus on visually differentiated designs, safety and child-friendly functionality has enabled its products to resonate strongly with younger consumers. Features such as customised name-printing on pencils, ergonomic designs and attractive packaging further enhance product differentiation and reinforce the brand's positioning as a creative and learning-oriented companion for children.

The transformation has accelerated through a series of strategic investments and acquisitions. The acquisition of a majority stake in SKIDO Industries has strengthened DOMS' presence in school bags and back-to-school products, while the investment in ClapJoy Innovations provides exposure to the toys segment, enabling deeper engagement with children beyond stationery. More recently, the acquisition of Uniclean Healthcare has marked DOMS' entry into baby hygiene products, extending the company's addressable market to the infant category. With products now spanning from diapers and baby wipes to school supplies, art materials and bags, DOMS is progressively creating an integrated ecosystem around children's everyday needs, positioning itself as a diversified consumer brand with multiple growth levers.

Recently DOMS has forayed into diapers for babies through acquisition of Uniclean, below is a peer comparison for diapers across brands.

Fig 150: Diversification into Baby Hygiene: Uniclean Healthcare



Source: Company, SMIFS Research

Fig 151: Peer Compare: Diapers

Diapers	New born			XXL		
	Price (Rs)	No. of Units	Per Unit Price (Rs)	Price	Units	ASP
Huggies Complete Comfort Wonder Pants	776	144	5.4	678.24	48	14.1
Wowper Baby Pant Style Diaper	432	80	5.4	838	96	8.7
Pampers Pant Style Diapers	1,292	172	7.5	2125	126	16.9
MamyPoko Pants Extra Absorb Baby Diapers	416	64	6.5	761.8	52	14.7

Source: Firstcry, SMIFS Research

Pampers commands the highest ASP across both newborn and XXL segments, reflecting a clear premium positioning, while Wowper and MamyPoko operate at more value-oriented price points. Huggies maintains competitive pricing with consistent per-unit realization, indicating a balanced mid-segment strategy.

Fig 152: Strengthening Eastern India Presence: Super Treads



Source: Company, SMIFS Research

Kits, combos, and adhesives: fast-growing adjacency engines

Kits and combo packs have evolved into one of DOMS' fastest-growing categories and now contribute ~9–10% of consolidated revenues. The segment comprises stationery kits, art material kits, painting sets and curated combo packs across a wide price range of Rs15–799, catering to varying age groups and use cases. Revenue from the category grew ~25% in FY26 and has delivered a robust ~38% CAGR over FY21–26, reflecting increasing consumer preference for bundled solutions and premium offerings. The strong growth in kits and combos has partly offset the slower performance in standalone scholastic stationery and fine art products, which were impacted by capacity constraints and a gradual shift in consumer demand towards bundled offerings.

Management views scholastic stationery, art materials and kits & combos as closely interconnected categories, with several bundles integrating products from these

segments. This creates natural cross-selling opportunities while enhancing product visibility and consumer engagement. More recently, acquisitions such as SKIDO Industries (school bags) and the investment in ClapJoy Innovations (toys) have been integrated into back-to-school and gifting packs, creating cross-category synergies and increasing wallet share. Supported by rising consumer acceptance, premiumisation and higher average realizations, kits and combo packs are expected to remain a key structural growth driver for the company.

Adhesives have also emerged as a meaningful adjacency following DOMS' entry under the 'Fixy Fix' brand. Supported by incremental capacities commissioned in 4QFY25 and expanding applications across school, craft and household use, revenue from the hobby and craft segment—largely driven by adhesives—increased more than fourfold from Rs157mn in FY23 to Rs698mn in FY26, contributing ~3% of consolidated revenues. The category continues to benefit from increasing penetration, product innovation and stronger distribution reach. Given its relatively low competitive intensity, favourable margin profile and wide applicability, management sees adhesives as a scalable and margin-accretive category with significant headroom for growth. The ongoing expansion of adhesive manufacturing infrastructure further underscores the company's commitment towards building this category into a meaningful growth engine over the medium term.

Fig 153: Kits, Combos, and Adhesives: Fast-growing Adjacency Engines



Source: Company, SMIFS Research

Fig 154: Peer Compare: Kits and Combos

Creative kits	Lowest Price	Description of products	Highest Price	Description of products
DOMS	Rs 254	Pencil Smart Kit Which Contains, Drawing book, Pencil pack, Colour pencil gift, Oil pastel kit, Plastic crayon pack, Retractable Eraser pack, Scale, Pencil sharpener, Wax crayon pack	Rs 1,276	1 Drawing book,1 pencil pack,1 water colour,1 pack,1 plastic crayon pack,1 Jumbo wax crayor neon eraser,1 zipper bag
Flair	Rs 135	1 N Drawing Book, 2 N Wooden Pencil, 1 N Sketch Pen Pack (12 Shades), 1 N Wax Crayons (12 Shades), 1 N Oil Pastels (12 Shades), 1 N Plastic Scale 15 Cm, 1 Sharpner, 1 N Eraser, 1 Mini Colour Pencil Pack(12 Shades)	Rs 1,919	1Piece Flair Drawing Book, 1Pack Flair Aero Pe Pastel (24 Shades), 1Pack Flair Wax crayon (24 Colour Pencils (12 Shades), 1Pack Flair Brush P Hotline Fineliners (10 Colours), 1Pack Flair Wa 1Pack Flair Glitter Gel (10 Colours), 1Piece Flair Eraser, 3Pieces Flair Gel Pens, 3Pieces Flair Bal

Source: SMIFS Research

Flair demonstrates a wider price spectrum in creative kits (Rs135–Rs1,919) compared to DOMS (Rs254–Rs1,276), indicating a stronger presence in premium, bundled offerings while also maintaining accessibility at entry-level price points. DOMS, in contrast, appears more concentrated in the mid-range segment with relatively tighter pricing dispersion.

Newell Brands: A case study: Why calibrated diversification matters

Newell Brands provides an instructive example of how excessive portfolio expansion can eventually create operational complexity and dilute returns. Historically, Newell generated consistent growth and profitability through its "Newellization" strategy, acquiring adjacent consumer brands and improving them through supply chain efficiencies and distribution scale. However, the transformational USD15bn acquisition of Jarden in 2016 marked a strategic inflection point. The enlarged portfolio spanned multiple unrelated categories with different demand cycles, manufacturing requirements and margin structures, significantly increasing organisational complexity. Rising leverage, stretched integration capabilities and higher working capital requirements ultimately weighed on profitability and returns, forcing the company to undertake a multi-year restructuring and portfolio simplification exercise.

The Newell experience highlights that diversification, while beneficial, must remain aligned with organisational capacity and operational synergies. Rapid expansion across unrelated categories can increase complexity faster than management bandwidth, delaying operating leverage and weakening returns.

Fig 155: Newell Brands at a Glance



Source: Company, SMIFS Research

Strong historical execution driven by a focused operating model

Historically, Newell delivered consistent growth and profitability through a disciplined acquisition and integration strategy commonly referred to as the “**Newellization**” model. Under this approach, the company acquired underperforming but established consumer brands and improved their performance through supply chain optimisation, distribution expansion, and cost efficiencies. The portfolio largely consisted of adjacent categories such as writing instruments, home storage, and household products, enabling operational synergies and relatively simple execution.

This focused model supported stable revenue growth, improving margins, and strong cash generation for several years. The company built a reputation for disciplined capital allocation and operational excellence, with a portfolio of well-known brands across everyday consumer categories. Importantly, growth during this phase was driven by execution efficiency rather than aggressive diversification.

Fig 156: Newell Brands: Consistent Revenue and Margin expansion

Metric	~1995	~2005	~2015 (pre-Jarden)	Trend
Revenue	~\$3–4 bn	~\$6–7 bn	~\$5.9 bn (core Newell)	Steady growth
Operating margin	~12%	~14%	~15–16%	Improving
ROIC / ROCE	~11–12%	~13–14%	~14–15%	Stable improvement
Free cash flow	Positive and growing	Strong	Consistent	Predictable cash generation
Debt / EBITDA	~2.0x	~2.0x	~2.0x	Controlled leverage

Source: Company, SMIFS Research

Newell has had a history of acquiring companies to diversify as well as to buy growth, but its acquisition of Jarden backfired.

Fig 157: Newell Brands: Timeline of Major Acquisitions and Portfolio Expansion

Year	Acquisition / Event	Category / Business	Strategic Rationale	Outcome / Significance
1965	Mirro Corporation	Cookware & kitchenware	Entry into housewares	Early diversification beyond core hardware
1973	EZ Paintr	Painting tools	Expand into home improvement	Strengthened retail presence
1987	Anchor Hocking	Glassware	Scale in household products	Built consumer brand portfolio
1992	Sanford Corporation	Writing instruments (Sharpie, Paper Mate)	Entry into stationery category	Became a core growth engine
1999	Rubbermaid	Home storage & consumer products	Large-scale category expansion	Transformational deal; significantly increased scale
2003	American Tool Companies	Tools & hardware	Expand DIY / hardware segment	Increased product breadth
2005	DYMO (Esselte)	Labeling & office products	Strengthen office supplies portfolio	Added high-margin business
2009	Aprica (Japan)	Baby products	Enter Asian baby care market	Geographic and category diversification
2011	Baby Jogger	Premium baby gear	Expand baby products segment	Strengthened premium positioning
2013	Jostens Memory Book & School Business	School products	Expand education-related portfolio	Adjacent category growth
2014	Sistema Plastics	Food storage containers	Expand kitchen & storage portfolio	International expansion
2015	Elmer's / X-Acto (remaining stake consolidation)	Adhesives & craft products	Strengthen craft and school supplies	Increased category integration
2016	Jarden	Multi-category consumer goods	Massive scale expansion	Strategic inflection point — complexity spike
2017–2019	Portfolio divestments (Tools, Sporting goods, etc.)	Non-core businesses	Reduce leverage and complexity	Beginning of portfolio simplification
2020–2023	Portfolio rationalisation	Various consumer brands	Focus on core segments	Shift toward operational discipline

Source: Company, SMIFS Research

Strategic inflection point: the Jarden acquisition

A major turning point occurred in 2016, when Newell acquired **Jarden** in a transaction valued at **~USD 15 bn**. The acquisition significantly expanded the company's scale and transformed its business mix, creating a much broader and more diversified portfolio spanning appliances, outdoor products, baby care, kitchenware, writing instruments, and other consumer categories.

While the transaction strengthened Newell's market presence and increased revenue scale, it also materially increased operational complexity. The combined entity operated across a wide range of product categories with different demand cycles, supply chains, and margin structures, making integration more challenging than previous acquisitions.

What went wrong: rising complexity and execution challenges

Following the acquisition, Newell experienced a combination of operational and financial pressures driven primarily by the sudden increase in portfolio breadth.

1) Portfolio complexity increased sharply

The company managed a wide range of unrelated categories requiring different manufacturing processes, distribution systems, and inventory management frameworks. This increased coordination requirements and reduced operational efficiency.

2) Integration capacity was stretched

The simultaneous integration of multiple businesses created execution challenges across procurement, logistics, and organisational systems. Management attention shifted from growth and innovation toward restructuring and cost management.

3) Financial leverage increased materially

The acquisition significantly raised debt levels, increasing interest costs and limiting financial flexibility. Higher leverage reduced the company's ability to invest in growth initiatives during the integration period.

4) Working capital intensity increased

A broader product portfolio required higher inventory levels and more complex supply chain management, putting pressure on cash flows and return ratios.

Fig 158: Financial Performance: Clear Deterioration after Acquisition

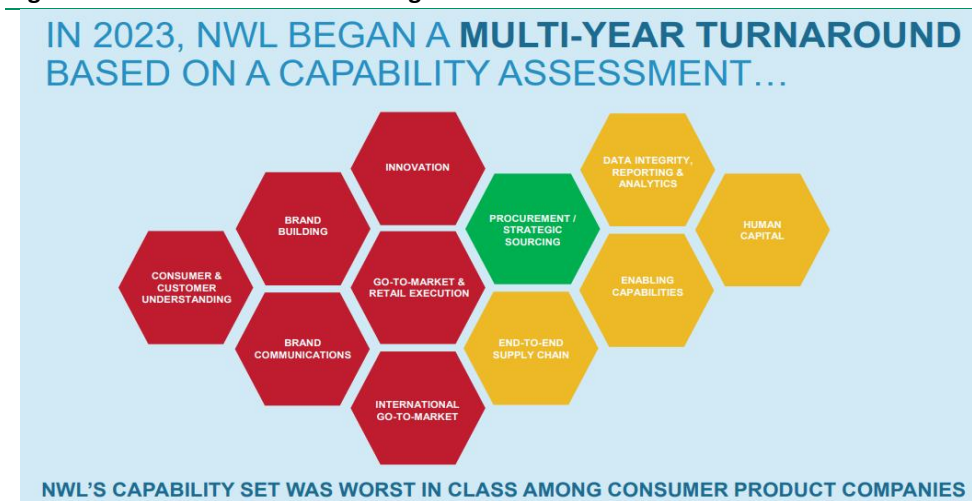
Metric	FY2015 (Pre-deal)	FY2017 (Post-deal peak)	FY2019	Directional signal
Revenue	~\$5.9 bn	~\$14.7 bn	~\$9.7 bn	Spike → decline
Operating margin	~15%	~13%	~10–11%	Decline
Net debt	~\$5 bn	~\$10+ bn	~\$8 bn	Sharp increase
Debt / EBITDA	~2.0x	~4.5–5.0x	~4.0x	Elevated leverage
ROIC / ROCE	~14–15%	~12–13%	~9–10%	Structural decline
Free cash flow	Stable	Volatile	Weak	Cash pressure

Source: Company, SMIFS Research

Restructuring and portfolio simplification

In response to the operational and financial pressures, Newell initiated a multi-year restructuring programme focused on simplifying its portfolio and strengthening its balance sheet. The company divested several non-core businesses and reduced the number of operating segments, aiming to restore focus on core categories and improve profitability. These actions helped stabilise performance over time, but the process required significant management effort and led to a prolonged period of earnings volatility.

Fig 159: Newell Brands: Restructuring from 2023



Source: Company, SMIFS Research

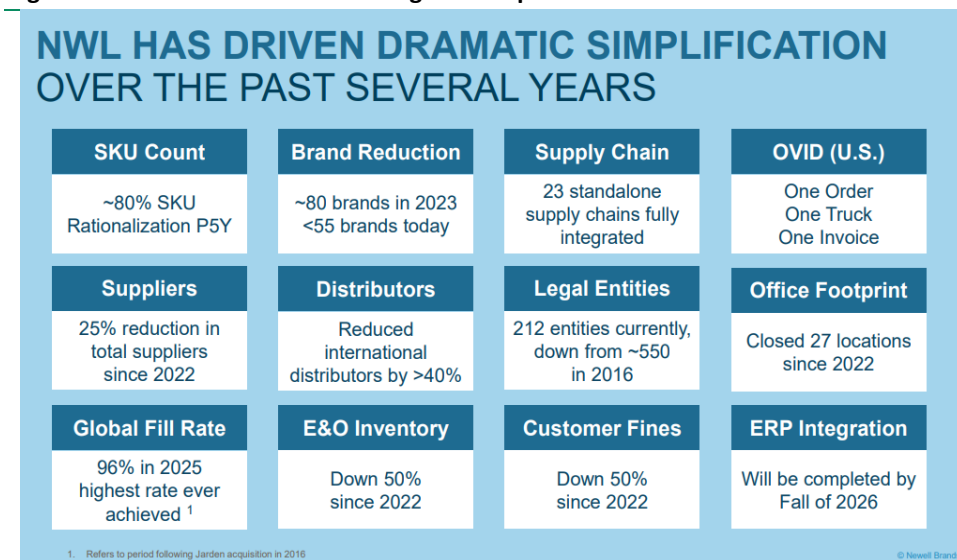
Key strategic lessons from the Newell case

The Newell experience demonstrates that diversification can support growth, but excessive or poorly sequenced expansion can create structural execution risk.

Core lessons

- Rapid portfolio expansion can increase operational complexity faster than organisational capacity
- Large-scale diversification can delay operating leverage and weaken profitability
- Broad portfolios often require higher working capital and management bandwidth
- Portfolio discipline and prioritisation are critical to sustaining return ratios

Fig 160: Newell Brands: Restructuring and Simplification



Source: Company, SMIFS Research

Newell Brands illustrates how rapid expansion across multiple categories can increase operational complexity, stretch management bandwidth, and delay profitability, despite a strong historical track record. The case underscores the importance of disciplined portfolio prioritisation and calibrated adjacency expansion to sustain margins and return ratios over the long term.

DOMS: Expansion remains disciplined and adjacency-led

In contrast, DOMS' diversification strategy thus far appears measured and focused on categories that are closely linked to its core consumer base. Acquisitions and investments in school bags (SKIDO), toys (ClapJoy), packaging (Micro Wood) and baby hygiene (Uniclan) are aimed at increasing wallet share across different stages of a child's lifecycle rather than entering entirely unrelated businesses. Most of these categories leverage existing distribution channels, brand equity and back-to-school consumption ecosystems, creating opportunities for cross-selling and portfolio synergies.

Moreover, DOMS has maintained a conservative balance sheet, with net debt-to-equity of just 0.02x, and continues to pursue relatively small, bolt-on acquisitions rather than undertaking transformational deals. The company has also demonstrated a strong degree of backward integration and manufacturing control, which reduces execution risk compared with an asset-light acquisition-led model. Its product portfolio expansion, from pencils and mathematical instruments to kits, school bags, toys, adhesives and baby hygiene, has been gradual rather than disruptive.

Key risks to monitor

Nevertheless, as DOMS evolves into a broader children-centric consumer platform, the Newell case highlights several risks that we should monitor:

- **Increasing portfolio complexity:** Categories such as baby hygiene, toys and school bags have different supply chains, inventory cycles and competitive dynamics compared with stationery.
- **Management bandwidth:** Simultaneous scaling of multiple categories could divert attention from core stationery and writing instruments businesses.
- **Working capital intensity:** A broader product portfolio may require higher inventory levels and increase cash conversion cycles.
- **Margin dilution:** Categories such as baby hygiene currently operate at lower margins than the core stationery business and could weigh on consolidated profitability.
- **Integration risk:** Future acquisitions, if larger or unrelated, may increase execution complexity and delay operating leverage.

Our view

While Newell Brands illustrates how excessive and highly leveraged diversification can ultimately destroy value through rising complexity and stretched execution capabilities, DOMS' strategy thus far appears considerably more disciplined and adjacency-led. The company is building a broader children-centric consumption ecosystem rather than a collection of unrelated businesses, with expansion focused on categories serving the same consumer group and leveraging existing distribution strengths. However, the Newell case highlights that portfolio breadth must remain aligned with management bandwidth and organisational capabilities. As DOMS expands across more categories, maintaining capital discipline, preserving operational focus and ensuring that complexity does not outpace execution capacity will be critical. Sustaining return ratios and operational efficiency will ultimately determine whether diversification continues to create value or begins to dilute it.

Global innovation pipeline via FILA partnership strengthens product differentiation and export optionality

DOMS' strategic partnership with F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. – has been one of the key enablers behind its evolution from a domestic stationery manufacturer into an integrated stationery and art materials platform. Established in 2012, the partnership combines FILA's global product expertise, premium brand portfolio and international distribution capabilities with DOMS' cost-efficient manufacturing base and extensive domestic distribution network. With operations spanning over 150 countries and a portfolio of more than 25 brands, FILA brings over a century of experience in creative expression products across colouring, writing, modelling and fine art categories.

Fig 161: F.I.L.A. Expertise as a Strategic Partner



Source: Company, SMIFS Research

Fig 162: About F.I.L.A. Group timeline

Year	Event	What Happened	Strategic Significance
2012	FILA enters DOMS	FILA acquires 18.5% stake and begins strategic partnership	Entry into India manufacturing + distribution platform
2013–14	Technology & product collaboration begins	Product development support from FILA (art materials, crayons, colors)	Start of capability upgrade beyond basic stationery
2015	Shareholders' Agreement signed	Formal governance and partnership framework established between FILA and Indian promoters	Institutionalised long-term strategic alliance
2016–18	Manufacturing scale-up	Capacity expansion and integration of international product standards	Transition from regional to national brand
2019–22	Export and product diversification	Growth in art materials, global sourcing, premium SKUs	DOMS becomes global manufacturing partner for FILA
Dec-23	IPO of DOMS	FILA sells shares via Offer for Sale (~Rs800 crore)	Partial monetisation
Post-IPO 2023	Ownership reset	FILA stake falls from ~51% to ~30.6%	Shift from majority to strategic minority partner
Dec-24	Block deal by FILA	FILA sells ~4.6% stake	Monetisation
Jun-26	Block deal by FILA	FILA sells ~7% stake, stake remains at ~18.7%	Monetisation
Current	Stable promoter structure	FILA stake remains at ~18.7%	Strategic partnership continues

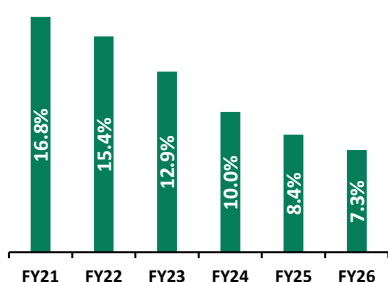
Source: Company, SMIFS Research

FILA initially acquired an 18.5% stake in DOMS in 2012, subsequently increasing its holding to ~51% in 2015 through a formal shareholders' agreement and governance framework. Over time, FILA partially monetised its investment through the IPO and subsequent block sales, with its stake currently standing at ~18.7%. Despite the lower shareholding, FILA continues to remain a promoter and strategic partner. Operational control remains with the founding promoters and professional management team, while FILA contributes through board representation, product development collaboration, technical know-how and global sourcing integration.

The partnership has played a pivotal role in strengthening DOMS' product development capabilities and accelerating premiumisation. Access to FILA's global innovation pipeline, product formulations and emerging consumer trends has enabled DOMS to expand beyond conventional stationery into higher-value art materials and specialised categories while adhering to international quality standards. The collaboration has also facilitated knowledge transfer in manufacturing processes and procurement practices, enhancing operating efficiencies and supporting continuous product innovation.

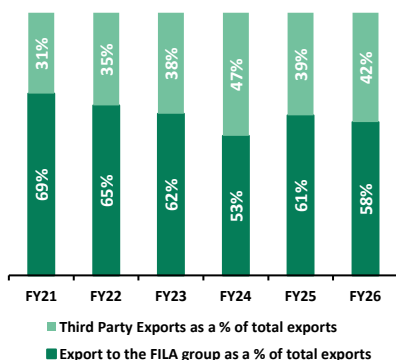
Beyond product development, DOMS has evolved into an important manufacturing and sourcing hub for the FILA group. Leveraging its vertically integrated and cost-efficient manufacturing capabilities, the company undertakes OEM manufacturing and sourcing for various FILA businesses, creating scale benefits and providing access to international markets. DOMS also enjoys exclusive rights to distribute and market select FILA brands across India and neighbouring markets, strengthening its presence in premium and specialised categories.

Fig 163: Share of Exports to FILA group companies in Total Revenues (% of sales)



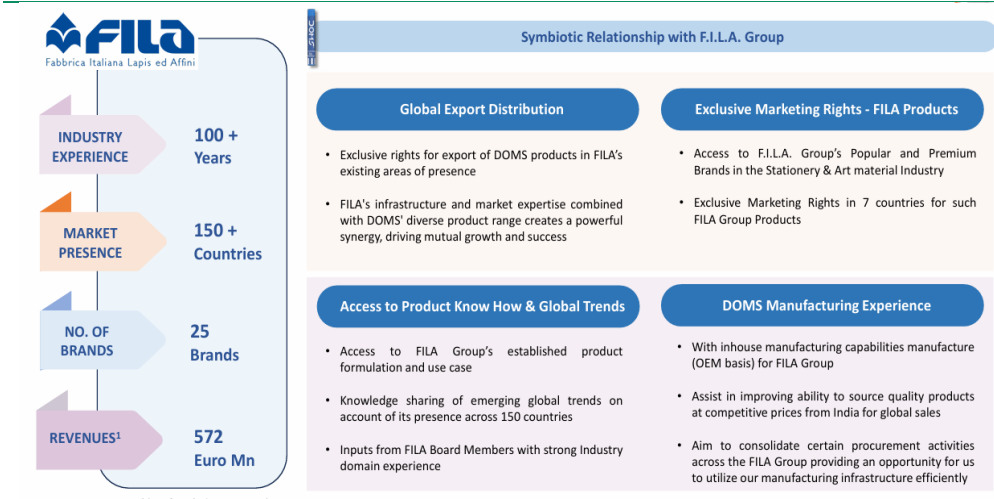
Source: Company, SMIFS Research

Fig 164: Share of Exports to FILA group companies in Total Exports



Source: Company, SMIFS Research

Fig 165: About F.I.L.A. Group



Source: Company, SMIFS Research

Exports to FILA group companies contributed ~7.3% of revenues in FY26 compared with ~16.8% in FY21, largely due to capacity constraints in key categories such as scholastic stationery and art materials. However, the upcoming 45-acre greenfield facility, with commercial production expected from Q2FY27, is likely to create dedicated manufacturing capacity for FILA products and support a gradual recovery in export contribution. Over the medium term, this could enhance DOMS' global growth visibility and increase utilisation of its manufacturing infrastructure.

Overall, the FILA partnership provides DOMS with a differentiated competitive advantage that extends beyond capital ownership. By combining FILA's global design capabilities, brand portfolio and international market access with DOMS' manufacturing scale and distribution strengths, the relationship creates a virtuous cycle of innovation, premiumisation and export growth. This symbiotic partnership not only strengthens DOMS' domestic market positioning but also provides meaningful optionality for long-term global expansion.

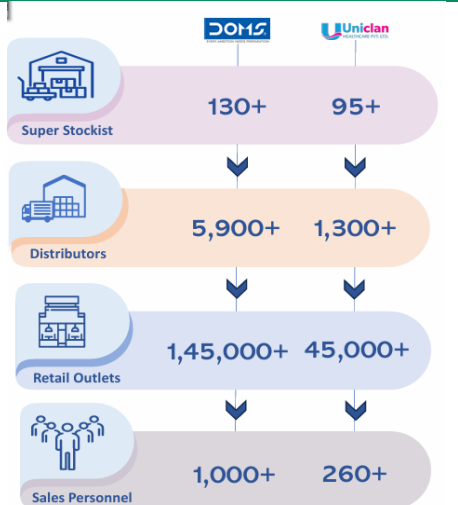
Pan-India reach today; scalable omnichannel and global network provide long-term growth optionality

DOMS has built one of the most extensive distribution networks in the Indian stationery industry, providing a strong foundation for sustained category expansion and market share gains. The company follows a diversified distribution model spanning General Trade, Modern Trade & E-commerce, and Institutional channels, enabling broad product accessibility across geographies, price points and consumer segments. This multi-channel architecture has played a key role in strengthening brand visibility, retailer recall and category penetration.

General Trade remains the backbone of the distribution ecosystem, accounting for over 74% of revenues in FY26. The company operates a hub-and-spoke model wherein super-stockists service distributors, who in turn cater to downstream retailers. Excluding Uniclax, DOMS is supported by a ~1,000-member sales force, ~5,900 distributors and over 130 super-stockists, providing access to ~145,000 retail outlets across 28 states and eight union territories. Uniclax adds another ~1,300 distributors and ~45,000 outlets, expanding the company's reach within the baby hygiene segment and increasing its overall retail footprint to nearly 190,000 outlets. This distribution scale remains significantly lower than leading writing instrument peers, leaving ample room for future expansion.

Alongside traditional channels, DOMS is steadily strengthening its omnichannel presence. Modern trade and e-commerce account for ~7% of revenues in FY26 and offer opportunities for premiumisation and wider SKU penetration. Management is focusing on increasing shelf visibility across organised retail formats while enhancing digital capabilities through marketplace-led models and a dedicated online platform. The

Fig 166: Domestic Distribution Strength



Source: Company, SMIFS Research
Note: Data for FY26 unless otherwise mentioned

institutional and corporate channel provides an additional growth avenue, supplying products under both the DOMS brand and private labels, thereby improving asset utilisation and creating incremental demand streams.

The company has also invested in technology infrastructure through Distribution Management Systems (DMS) and Sales Force Automation tools, enabling better inventory visibility, improved supply-chain efficiencies and tighter monitoring at the super-stockist level. These capabilities enhance execution quality and create barriers to entry for smaller competitors.

Although distribution expansion remains a significant long-term opportunity, management's near-term priority is to improve throughput at existing outlets given current capacity constraints. As incremental capacities from the upcoming greenfield facility come online, DOMS plans to scale its direct reach from ~145,000 outlets to over 300,000 outlets, with deeper penetration in tier-II and tier-III markets and relatively underpenetrated regions such as eastern and southern India. This provides a long runway for market share gains in several categories.

Fig 167: Expanding International Presence

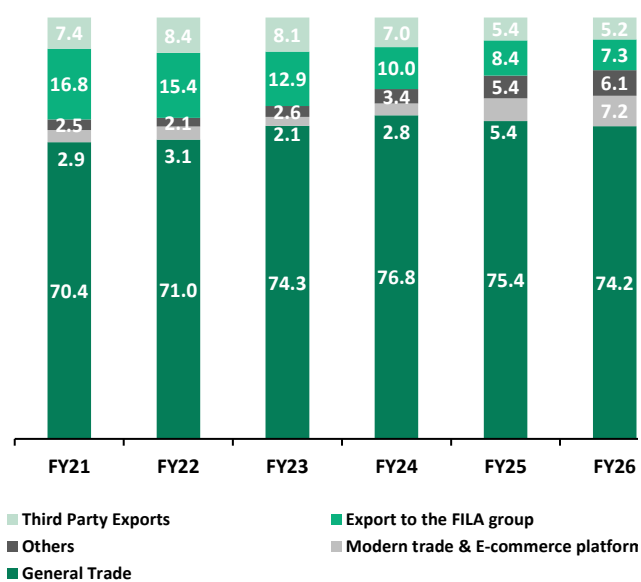


Internationally, DOMS has established a presence across more than 55 countries through a combination of FILA group companies and third-party distributors. Export revenues are diversified across the Americas, Europe, the Middle East, Africa and Asia-Pacific, with products marketed under the DOMS and C3 brands. While exports to FILA group entities have moderated to ~7.3% of revenues in FY26 from ~16.8% in FY21 due to capacity constraints, the partnership continues to provide access to global distribution channels and export optionality. Recent entry into Italy marks the beginning of DOMS' expansion into European markets, while upcoming capacity additions are expected to support a recovery in export contribution over the medium term. Together, the company's strong domestic distribution network and growing international presence provide a scalable platform to support long-term growth across categories and geographies.

Source: Company, SMIFS Research

Note: Data for FY26 unless otherwise mentioned

Fig 168: Distribution Network (% of Gross product sales)



Source: Company, SMIFS Research

Fig 169: Regional Breakdown (%)



Source: Company, SMIFS Research

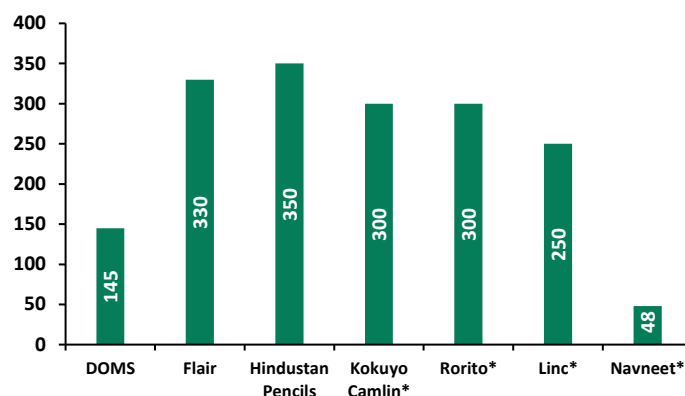
Note: 1. North includes New Delhi, Haryana, Chandigarh, Punjab, Jammu and Kashmir, Uttar Pradesh, Uttarakhand, and Himachal Pradesh. 2. West includes Maharashtra, Madhya Pradesh, Chhattisgarh, Gujarat, Dadra and Nagar Haveli and Daman and Diu, Goa, and Rajasthan. 3. East includes West Bengal, Bihar, Jharkhand, Orissa, Assam, Tripura, Manipur, and Nagaland. 4. South includes Tamil Nadu, Kerala, Karnataka, Telangana, Puducherry, and Andhra Pradesh.

Fig 170: DOMS has been consistent in expanding distribution and total reach; aims to reach +300,000 outlets going ahead

Particulars	FY23	FY24	FY25		FY26	
			DOMS	Uniclan	DOMS	Uniclan
No. of Sales Personnels	500+	625+	800+	250+	1,000+	260+
No. of Retail Outlets	115,000+	122,500+	135,000+	35,000+	145,000+	45,000+
No. of Distributors	3,750+	4,300+	4,750+	1,100+	5,900+	1,300+
No. of Super Stockists	100+	120+	125+	70+	130+	95+

Source: Company, SMIFS Research

Fig 171: Total no. of Outlets: Huge headroom for distribution expansion; DOMS entry into pens can boost its overall reach (No. of outlets in '000s)



Source: Company, SMIFS Research

Note: *As of Dec'23

Manufacturing dominance and scalability – backward integration driving cost leadership:

DOMS has built a highly integrated manufacturing ecosystem that provides a strong competitive moat in an otherwise fragmented and distribution-led stationery industry. As of FY26, the company operated 18 manufacturing facilities across five locations with a manufacturing footprint of over 55 acres (~2.0mn sq. ft.), anchored by its flagship Umbergaon complex and supported by facilities in Jammu & Kashmir, Jalandhar, Jaipur and Siliguri. This extensive manufacturing base, coupled with installed capacity of ~4.7bn units (as of FY25) across key products, enables DOMS to maintain tight control over quality, costs and product innovation while supporting scalable growth.

A key pillar of DOMS' competitive advantage is its deep backward integration, which reduces dependence on third-party vendors, mitigates supply-chain disruptions and supports superior margins. The pencil category exemplifies this strategy. The company has developed an end-to-end manufacturing process encompassing wooden slats, graphite and colour leads, lacquer, erasers and aluminium ferrules. Wooden slats are manufactured at the Bari Brahmana facility using locally sourced timber and subsequently processed and seasoned at Umbergaon to improve sharpening quality and durability. Black and colour leads, lacquer, erasers and ferrules are either manufactured in-house or partially sourced from selected vendors, enabling superior quality control and economies of scale. This integrated model has allowed DOMS to establish leadership in one of the largest stationery categories while maintaining competitive pricing.

A similar approach has been adopted in mathematical instruments, another category where the company enjoys leadership. Core components including rounders, dividers, scales, set squares and protractors are manufactured internally, while tin boxes and packaging are undertaken through Micro Wood Private Limited, a wholly owned subsidiary. Such integration enhances manufacturing efficiency, improves product consistency and accelerates new product development, strengthening DOMS' competitive positioning.

Fig 172: Manufacturing Infrastructure & Expertise



Source: Company, SMIFS Research

Fig 173: Design Development Center



Source: Company, SMIFS Research

Fig 174: Backward Integrated In-House Manufacturing Infrastructure – Driving Operational Efficiency

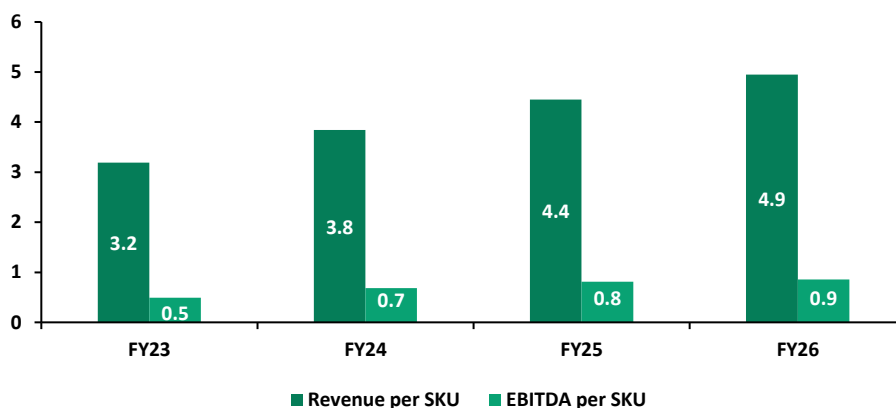


Source: Company, SMIFS Research

The company further mitigates sourcing risks through a diversified supplier base comprising multiple domestic vendors and selective imports. Proximity to key suppliers and strategically located warehouses help optimise logistics costs and improve responsiveness to changing product demand. Operational visibility and process efficiency have also been strengthened through the implementation of SAP-based ERP systems since 2015, enabling better planning, inventory control and real-time monitoring across the manufacturing and supply chain ecosystem.

Manufacturing scale and product innovation have translated into superior SKU economics. The company's portfolio expanded from ~3,800 SKUs in FY23 to over 4,700 SKUs by FY26, while revenue per SKU increased from ~Rs3.2mn to ~Rs4.9mn and EBITDA per SKU rose from ~Rs0.5mn to ~Rs0.9mn over the same period. These trends underscore the benefits of scale, premiumisation and backward integration, which have enabled DOMS to improve operating leverage and sustain industry-leading profitability.

Fig 175: Revenue and EBITDA per SKU



Source: Company, SMIFS Research

Capacity-led growth with Pens driving the Next Phase of Scale:

DOMS has consistently invested ahead of demand, enabling it to sustain industry-leading growth while maintaining high asset utilisation. As of FY25, the company operated with installed capacity of ~4.7bn units across key products and achieved utilisation levels of ~89%, underscoring strong operating efficiency but also highlighting limited headroom for incremental growth. Capacity constraints in core categories such as scholastic stationery and art materials have, in fact, constrained export opportunities and distribution expansion over the past few years.

To support its next phase of growth, DOMS is developing a 45-acre greenfield manufacturing complex adjacent to its existing Umbergaon facility. Construction of the first building is on track for completion in June 2027, with commercial production expected to commence towards the end of Q2FY27. During FY26, the company incurred capex of ~Rs2.8bn towards development of the new site, acquisition of additional land parcels in Umargam and Jammu, and expansion of moulding, writing instruments and

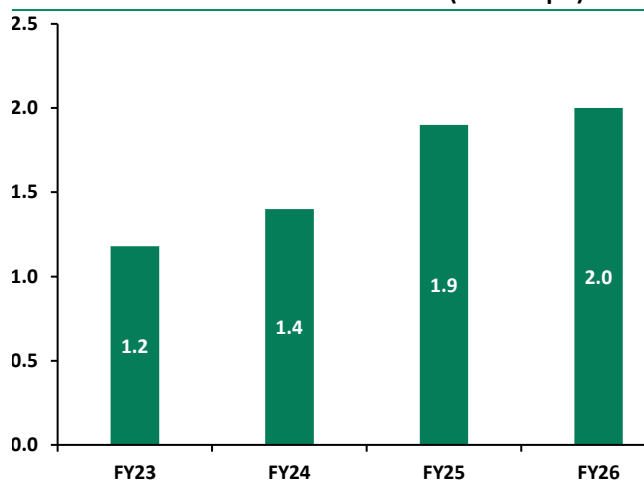
adhesive manufacturing capacities. Management has guided for further capex of Rs2.5–2.75bn in FY27, reflecting its continued focus on creating a scalable manufacturing platform.

While the new facility will support multiple categories, writing instruments represent the most important growth vector. DOMS entered the highly attractive Rs5/Rs10 pen segment in 2023, addressing a market opportunity substantially larger than the wooden pencil segment. The company has continued to invest aggressively in pen capacities and complementary categories such as highlighters and mechanical pencils, which have emerged as key growth drivers within office supplies. Management remains optimistic on the segment and expects incremental capacities commissioned during FY26 to support sustained growth over the medium term. Highlighters and ball pens have already witnessed encouraging consumer response, and further investments in writing instruments continue to remain a strategic priority.

The greenfield facility is also expected to alleviate capacity bottlenecks in core categories. Phase I will provide additional capacity across pencils, writing instruments and export-oriented products, enabling DOMS to improve throughput, accelerate distribution expansion and support higher exports to FILA group companies. To strengthen backward integration in pencils, the company has additionally acquired land and buildings in Jammu to enhance wood processing capabilities and secure future raw material requirements.

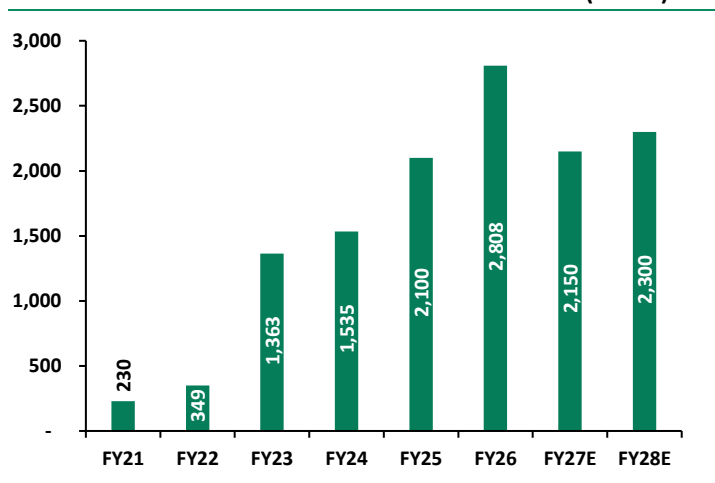
Paper stationery has emerged as another key growth driver, supported by capacity additions at Pioneer Stationery and recent inorganic initiatives. The segment has delivered strong growth over the past few years, and management continues to invest in incremental capacity to improve scale and geographic diversification. Adhesives have also become an important focus area, with additional manufacturing infrastructure commissioned during FY26 and further investments underway to support rising demand.

Fig 176: DOMS has been Consistently Adding Capacity across Categories, Facility area has Grown at ~19% CAGR over FY23-26 (In Mn Sq.ft)



Source: Company, SMIFS Research

Fig 177: DOMS has Incurred a Cumulative Capex of Rs8,385 mn across Brownfield and Greenfield Expansion over FY21-26 (Rs Mn)



Source: Company, SMIFS Research Estimates

The upcoming capacity cycle is expected to drive the next leg of growth across categories. Beyond removing supply bottlenecks, it should enable deeper distribution penetration, support recovery in export revenues and improve operating leverage. Combined with DOMS' strong product pipeline and extensive distribution network, the capacity expansion programme provides a long runway for sustained growth and reinforces the company's positioning as an integrated children-centric consumer platform.

Fig 178: ~44 Acres Expansion - New Facility at Umbergaon, Gujarat

Strategic Land Bank for Future Expansion : (i) ~45+ Acres (ii) 5+ Acres (Adjoining ~45 Acre Parcel) + (iii) 8+ Acres (Adjoining Existing Facility)



Foundation for Future Growth - First Phase Construction Nearing Completion at ~45 Acre Land Parcel
(First Building Commercial production Expected by the End of Q2'FY27)

Source: Company, SMIFS Research

Fig 179: Current Capacities and Plans for Major Capex across Categories

Category	FY23	Current	Expansion Target	Key Notes
Wooden Pencils	5.2 mn/day	~5.8 mn/day	8 mn/day	Sequential ramp-up; new capacity in 2QFY27
Pens	0.7 mn/day	~3.25 mn/day	6 mn/day	Focus on Rs 5/ Rs 10 segments
Paper Stationery (Books)	~1,000+ tons/month	3,600 MT pa paper capacity (Super Treads)	Ongoing	Geographic diversification (East India) via Super Treads
Diapers (Uniclan)	400 mn/year	~650 mn/year*	85%-90% utilization by end of FY26	Enhancing product quality, faster absorption speed
School Bags (SKIDO)	25,000/month (initial)	25,000/month (initial)	Initial stage	Scalable with huge opportunity in kits & combos
Mathematical Boxes	41,000 boxes/day	>100,000 boxes/day*		Has become market leader
Hobby & Craft (Adhesives)		New capacity commissioned	Ramping up	New adhesives capacity added; focus on scholastic adhesives
Fine Art (Amariz)		Expanded capacity	Incremental	Fastest growing; ~50% YoY in segment

Source: Company, SMIFS Research

Note: *As of FY25

Key channel check commentary on DOMS: Strong School-Season Demand and Premium Category Traction

Channel feedback suggests DOMS continues to benefit from strong brand recall among students and parents, particularly in pencils, crayons and art materials. Retailers highlighted consistent demand and relatively better traction in premium and mid-premium categories.

Category Strength: Leadership in Scholastic and Art Materials

- DOMS continues to witness healthy demand across pencils, colour pencils, wax crayons and stationery kits, supported by school reopening.
- Premium stationery and activity kits in the Rs200–Rs500 range continue to see healthy traction.
- Retailers highlighted steady demand across core scholastic and creative categories.

Brand Perception: Strong Recall Among Students

- Attractive packaging and product design continue to support strong brand recall among school children.
- DOMS remains a preferred brand in pencils and art materials, while Hauser continues to maintain leadership in pens.
- Brand visibility remains strong during peak school-related demand periods.

Distribution and Inventory: Healthy Movement

- Weekly inventory replenishment indicates healthy product movement across channels.
- Product availability remains adequate across key stationery outlets.
- Some channel partners highlighted concerns regarding distributor support and service levels.

Competitive Landscape: Rising Competition and Online Pressure

- Camlin, Faber-Castell and Apsara have witnessed healthy demand in recent months.
- Aggressive discounting by quick-commerce platforms continues to impact offline sales.
- Despite online competition, underlying demand across DOMS' core categories remains healthy.

Margins and Outlook

- Retailer margins remain healthy at ~20–25% across key categories.
- Channel partners expect July–November to remain the peak demand period for the stationery industry.

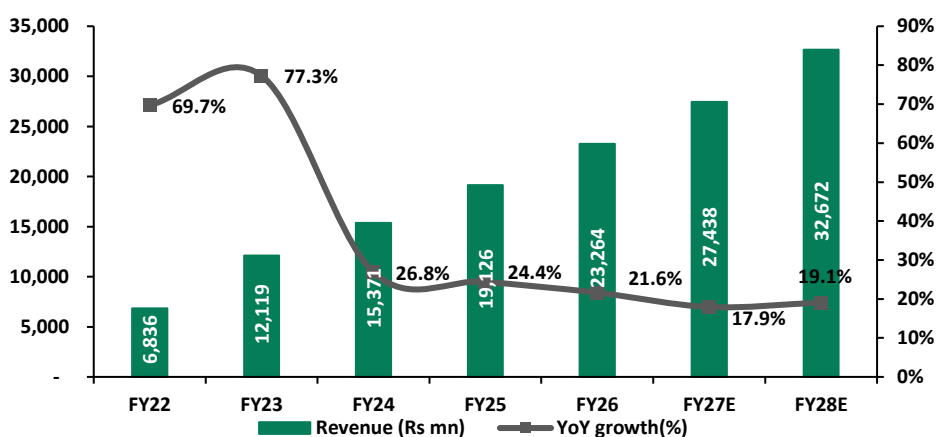
Financial Performance

Market Leadership and Product Expansion Driving Sustained Growth

DOMS has delivered strong and consistent revenue growth over the past few years, with net sales increasing from Rs6 bn in FY22 to Rs23.3 bn in FY26, translating into a robust 35.8% CAGR over the period. Growth has been driven by category leadership in core scholastic stationery, increasing product penetration, new category launches and the strategic partnership with FILA, which provides access to global product design, innovation capabilities and international markets.

FY26 marked another year of strong execution, with revenue growing 21.6% YoY to Rs23.3bn, surpassing management guidance. Growth was broad-based, supported by successful product launches across stationery and school-related categories, healthy demand during the back-to-school season, and strong traction in office supplies, hobby & craft and paper stationery segments. Categories benefiting from recent capacity additions witnessed above-average growth, while exports continued to register double-digit growth despite global trade uncertainties and geopolitical disruptions. Management highlighted that demand in the domestic market remains buoyant, supported by strong brand equity, deep distribution reach and an increasingly diversified product portfolio.

Fig 180: Revenues to grow at a CAGR of ~19% over FY26-28E



Source: Company, SMIFS Research Estimates

Going forward, we expect DOMS to deliver a revenue CAGR of ~19% over FY26–FY28E, supported by both category expansion and capacity additions. Key growth drivers include:

- **Kits & combos** to deliver ~32% CAGR, benefiting from increasing consumer preference for bundled offerings and the company's integrated back-to-school ecosystem.
- **Office supplies** to emerge as a major growth engine, driven by aggressive capacity expansion in pens, highlighters and mechanical pencils, with revenue expected to grow at ~37% CAGR.
- **Hobby & craft and adhesives** to witness strong growth, supported by premiumisation and increasing consumer engagement in creative products.
- **Baby hygiene and school accessories** to become meaningful contributors, aided by the integration of Uniclax and SKIDO and expansion across the children's consumption ecosystem.
- **Distribution expansion and export recovery**, supported by the upcoming greenfield facility and deeper collaboration with FILA, which should enhance international market access and product innovation.

Overall, DOMS' long-term growth outlook remains underpinned by category leadership in core products, strong manufacturing capabilities, an expanding portfolio of children's products and a multi-year capacity expansion cycle. These factors position the company to sustain healthy growth while increasing wallet share across categories and strengthening its position as an integrated children-centric consumer platform.

Fig 181: Category-wise Revenues mix (%)

Metric	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	CAGR FY22-26(%)	CAGR FY26-28E(%)
Scholastic Stationery	46.2%	47.2%	46.2%	43.8%	37.3%	31.4%	27.1%	23.9%	22%	3%
Scholastic art material	23.6%	24.0%	23.8%	26.8%	22.0%	20.2%	18.4%	16.9%	30%	8%
Paper stationery	9.7%	9.2%	10.3%	9.3%	9.6%	8.8%	8.0%	7.4%	34%	9%
Kits and combos	11.3%	11.5%	10.3%	9.7%	9.4%	10.0%	11.0%	12.5%	31%	32%
Office supplies	5.9%	5.8%	6.1%	7.0%	11.6%	15.3%	18.1%	20.5%	72%	37%
Hobby and craft	0.1%	0.1%	1.3%	1.2%	1.2%	3.0%	4.3%	5.5%	222%	60%
Fine art Product	1.4%	1.4%	1.2%	1.0%	1.3%	1.0%	0.9%	0.9%	25%	9%
Others	1.7%	0.8%	0.9%	1.1%	1.6%	1.5%	1.8%	2.2%	59%	42%
Hygiene Products	0.0%	0.0%	0.0%	0.1%	6.0%	8.9%	10.2%	10.3%	NA	27%

Source: Company, SMIFS Research Estimates

Fig 182: Channel-wise Revenue Mix (%)

Particulars	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
General Trade	70.4%	71.0%	74.3%	76.8%	75.4%	74.2%	74.1%	74.0%
Modern trade & E-commerce platform	2.9%	3.1%	2.1%	2.8%	5.4%	7.2%	7.3%	7.4%
Others	2.5%	2.1%	2.6%	3.4%	5.4%	6.1%	6.2%	6.3%
Export to the FILA group	16.8%	15.4%	12.9%	10.0%	8.4%	7.3%	7.2%	7.1%
Third Party Exports	7.4%	8.4%	8.1%	7.0%	5.4%	5.2%	5.2%	5.2%

Source: Company, SMIFS Research Estimates

Margins to normalize amid capacity expansion and investments in new categories

DOMS has delivered a sharp improvement in profitability over the last few years, with EBITDA increasing from Rs697mn in FY22 to Rs4,026mn in FY26, implying a CAGR of ~55%. EBITDA growth has significantly outpaced revenue growth, reflecting strong operating leverage, premiumization and the benefits of a highly integrated manufacturing model. Consequently, EBITDA margins expanded from ~10% in FY22 to 17% in FY26, supported by structural improvements in the company's operating model.

The improvement in profitability has been driven by several factors.

- i) DOMS' high degree of backward integration across critical components such as pencil leads, erasers, sharpeners, plastic moulded parts and packaging has enhanced cost control and reduced dependence on third-party suppliers.
- ii) Improving product mix, led by premium stationery, kits and combos, office supplies and creative products, has supported gross margin expansion.
- iii) Higher production volumes have enabled better absorption of fixed manufacturing and distribution costs, resulting in meaningful operating leverage.

Despite these structural strengths, we expect margins to remain range-bound over FY26–FY28E, with EBITDA margins normalizing around 17%. While the long-term margin profile remains intact, the company is entering an investment phase characterized by capacity additions and expansion into newer categories, which could temporarily moderate profitability.

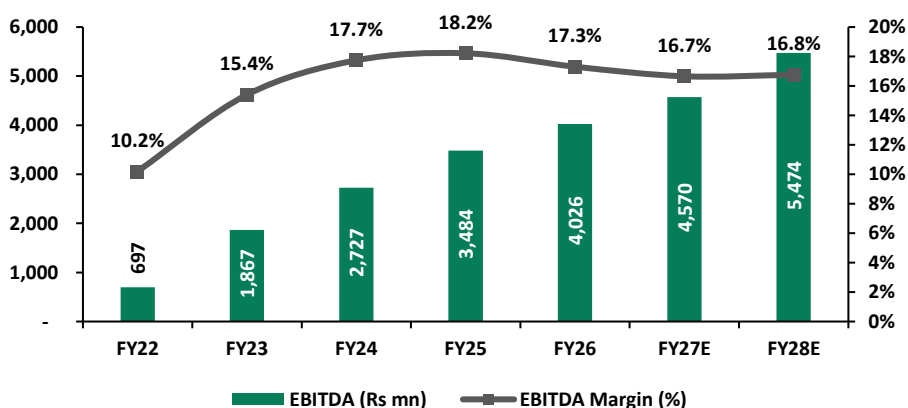
Near-term margin pressures are likely to stem from multiple factors.

- Commissioning and ramp-up costs associated with the new 45-acre Umbergaon facility will lead to operating deleverage and higher fixed-cost absorption until utilization reaches optimal levels.
- Investments in sales personnel, distribution infrastructure and brand building are expected to increase as the company scales newer categories and expands its retail reach.
- Categories such as baby hygiene, school bags and certain office supply products carry lower margins than the core stationery business and may dilute consolidated profitability in the initial years.
- Continued investments in marketing and consumer engagement are likely to remain elevated as DOMS builds awareness across adjacent categories.

FY26 reflected some of these pressures. EBITDA grew 15.5% YoY to Rs4,026mn, while EBITDA margin moderated to 17.3% from 18.2% in FY25. The decline was primarily attributable to the increased contribution of the lower-margin Uniclax business, higher advertising and distribution expenses, and crude-linked raw material inflation arising from geopolitical tensions in West Asia. Management indicated that raw material costs increased by nearly 15–20%, while pricing actions undertaken so far have been limited to ~4–5%, resulting in near-term margin pressure. However, the company continues to focus on cost efficiencies, calibrated pricing actions and channel rationalization, and does not view the current pressures as structural. Management believes margins should improve gradually once commodity costs stabilize and new capacities achieve higher utilization.

Overall, while near-term profitability may remain impacted by investments and category mix changes, we believe DOMS' margins should stabilize at 16.8% by FY28E.

Fig 183: EBITDA to grow at a CAGR of ~17% over FY26-28E



Source: Company, SMIFS Research Estimates

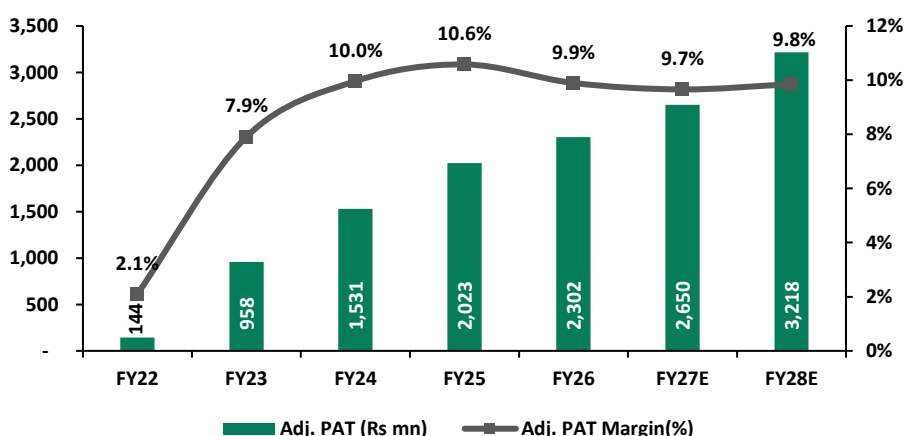
Sustained Adj. PAT Growth Driven by Core Business Strength

DOMS has delivered a sharp improvement in earnings over the last few years, reflecting strong execution, category expansion and improving operating efficiencies. Adjusted PAT increased from Rs144mn in FY22 to Rs2,302mn in FY26, implying a robust CAGR of ~100%, supported by healthy revenue growth, margin expansion and the benefits of scale. The improvement underscores the strength of the company’s core business model, characterized by category leadership, backward integration and a growing portfolio of higher-value products.

In FY26, adjusted PAT grew 14% YoY to Rs2,302mn, while PAT margins moderated to 9.9% from 10.6% in FY25. Earnings growth lagged revenue growth primarily due to lower other income, as the company deployed a larger portion of its cash balances towards capacity expansion and strategic investments. Profitability was also impacted by crude-linked raw material inflation arising from geopolitical tensions in West Asia, higher advertising and distribution expenses, and increased e-commerce-related spending within the Uniclan business. Despite these headwinds, the company maintained healthy profitability, highlighting the resilience of its core operations and disciplined cost management.

Going forward, we expect adjusted PAT to register a healthy ~18% CAGR over FY26–FY28E, supported by sustained revenue growth, operating leverage and improving asset utilization. While near-term profitability may remain impacted by investments in capacity, distribution and brand building, we expect PAT margin to reach 9.8% by FY28E.

Fig 184: Adj. PAT to grow at a CAGR of ~18% over FY26-28E



Source: Company, SMIFS Research Estimates

Inventory investments and channel expansion drive WCC increase

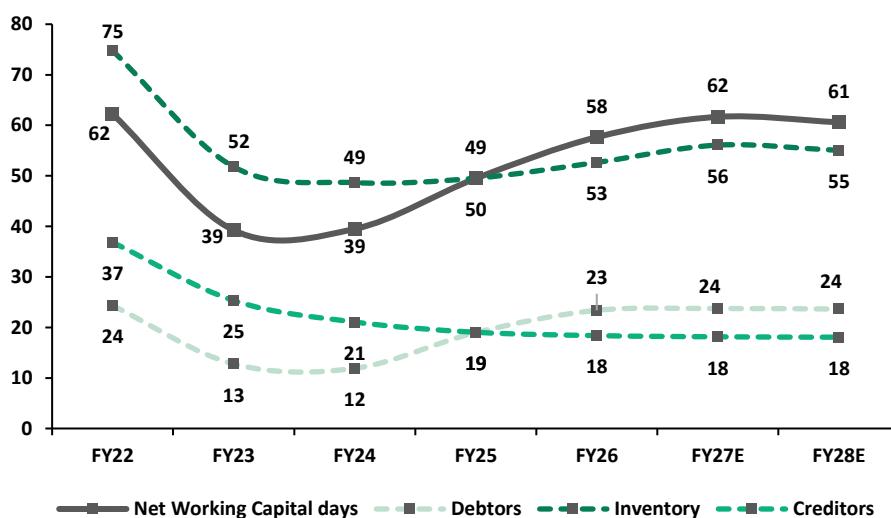
DOMS has maintained a healthy working capital profile despite rapid scale-up and expansion across categories. The working capital cycle (WCC) increased from **49 days in FY25 to 58 days in FY26**, primarily reflecting higher inventory levels and an increase in receivable days amid strong business growth and strategic stocking initiatives. Importantly, the increase appears growth-driven rather than structural and remains manageable for a manufacturing-led consumer products business.

Inventory days are increased from **50 days in FY25 to 53 days in FY26**, driven by the company's decision to maintain higher raw material inventories amid geopolitical uncertainties and volatility in crude-linked input costs. Management has indicated that strategic inventory procurement helped mitigate the impact of raw material inflation while also supporting upcoming product launches and capacity additions across writing instruments, moulding and adhesives.

Debtor days increased from **19 days in FY25 to 23 days in FY26**, reflecting a higher contribution from modern trade, exports and e-commerce channels, which generally operate with longer credit cycles. Despite this increase, receivables remain at comfortable levels relative to the company's growth trajectory. Creditor days declined marginally from **19 days to 18 days**, reflecting timely payments to suppliers and continued focus on maintaining strong supply-chain relationships.

Looking ahead, we expect working capital requirements to remain elevated over **FY26–FY28E**, with the working capital cycle staying in the **58–62 day range** as DOMS continues to invest in inventory and support growth across newer categories. Nevertheless, the company's strong operating cash flow generation, efficient supply-chain integration and healthy balance sheet should provide adequate flexibility to fund growth without materially impacting profitability or returns.

Fig 185: Working Capital cycle to remain elevated



Source: Company, SMIFS Research Estimates

Return Ratios: Scale-Led Peak Followed by Investment-Driven Normalization

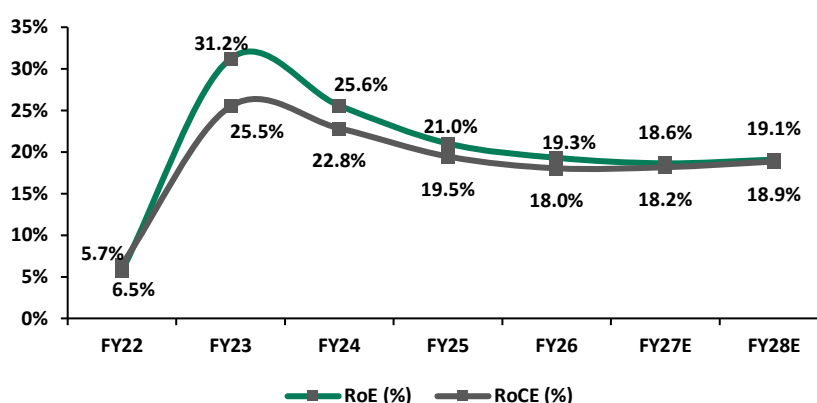
DOMS' return ratios reflect the transition from a high-growth, asset-light scaling phase to a more investment-intensive growth cycle. Following a period of strong operating leverage and improving asset utilization, the company delivered peak return ratios in FY23, supported by rapid revenue growth, premiumization and efficient utilization of existing capacities. During this period, higher margins and limited incremental capital requirements enabled ROE and ROCE to expand meaningfully.

Since FY24, however, return ratios have gradually normalized as DOMS entered a new phase of capacity creation and portfolio expansion. ROE moderated from 31.2% in FY23 to 19.3% in FY26, while ROCE declined from 25.5% to 18.0% over the same period. The moderation reflects multiple factors, including a larger equity base post IPO, substantial investments in the 45-acre greenfield facility, land acquisitions, expansion of moulding and writing instrument capacities, and investments in newer categories such as baby hygiene and school accessories. In addition, higher crude-linked raw material costs and the increased contribution from the lower-margin Uniclan business exerted temporary pressure on profitability, further impacting return ratios.

Despite the moderation, return metrics remain healthy and compare favourably with most consumer peers. The company continues to maintain a virtually debt-free balance sheet, strong cash generation and high asset turnover of ~2.7x, providing ample flexibility to fund growth without compromising financial strength.

Going forward, we expect ROE and ROCE to stabilize around 19% over FY26-28E. While the current investment cycle and initial underutilization of new capacities may limit near-term expansion in returns, we believe the moderation is cyclical rather than structural. As the new Umbergaon facility ramps up, export contribution improves and newer categories achieve scale, operating leverage should gradually improve. Accordingly, DOMS is likely to sustain healthy return ratios while continuing to invest for long-term growth, reflecting a conscious shift from peak efficiency towards a more sustainable and scalable growth trajectory.

Fig 186: ROE & ROCE to reach 19% by FY28E



Source: Company, SMIFS Research Estimates

Corporate Governance

We believe that good corporate governance is necessary for enhancing the trust of the shareholders. Hereby, we present a detailed framework on corporate governance for the comfort of the investors of DOMS Industries considering board of directors, remuneration of key managerial personnel, contingent liabilities, etc.

Promoters' Shareholding

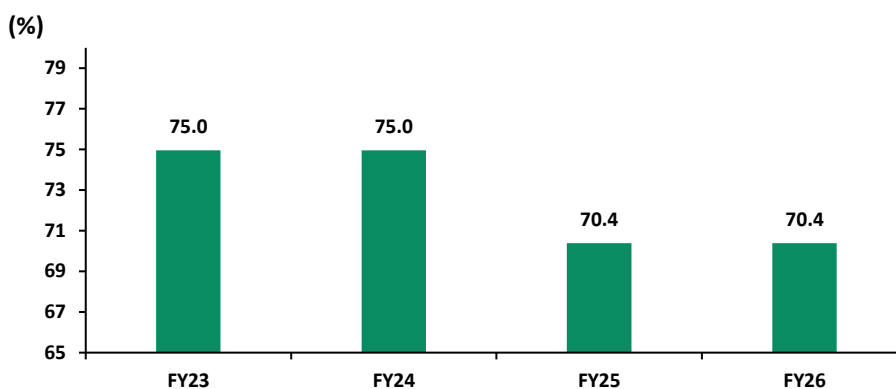
The promoters currently hold ~70.4% of the equity capital. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 187: Latest Promoter Shareholding

Particulars	% Holding
Fila - Fabbrica Italiana Lapis Ed Affini Spa	26.0
Santosh Rasiklal Raveshia	15.8
Ketan Mansukhlal Rajani	7.5
Sanjay Mansukhlal Rajani	7.5
Chandani Vijay Somaiya	3.7
Sejal Santosh Raveshia	3.7
Sheetal Hiren Parpani	3.7
Ila Sanjay Rajani	0.8
Pravina Mansukhlal Rajani	0.8
Shilpa Ketan Rajani	0.8
Total	70.4

Source: Company Shareholding FY25, SMIFS Research

Fig 188: Promoter Shareholding



Source: Company, SMIFS Research

The decline in promoter shareholding from FY23 to FY25 was because of IPO.

Promoter Compensation

The promoter compensation is 2.0% of PBT.

Fig 189: Remuneration of promoter

Name	Compensation			As a % of PBT		
	FY23	FY24	FY25	FY23	FY24	FY25
Santosh Raveshia (Managing Director)	15.4	17.2	18.9	1.11%	0.80%	0.66%
Sanjay Rajani (Whole Time Director)	10.5	11.7	12.9	0.76%	0.54%	0.45%
Ketan Rajani (Whole Time Director)	10.5	11.7	12.9	0.76%	0.54%	0.45%
Chandni Somaiya (Whole Time Director)	10.5	11.7	12.9	0.76%	0.54%	0.45%
Total	47.0	52.3	57	3.4%	2.4%	2.0%

Source: Company, SMIFS Research

Independent Director's Compensation

As on FY25, DOMS Industries Board constituted of 4 independent directors. Independent directors were paid cumulative Rs 3.3 Mn which is 0.04% of PBT as on FY25.

Fig 190: Remuneration of Independent Director (Rs in Mn)

Name	Compensation		As a % of PBT	
	FY24	FY25	FY24	FY25
Gianmatteo Terruzzi	1.1	0.9	0.05%	0.03%
Rajiv Mistry	0.6	0.5	0.03%	0.02%
Mehul Shah	0.7	0.7	0.03%	0.02%
Darshika Thacker	0.9	0.6	0.04%	0.02%
Total	3.3	2.7	0.2%	0.1%

Source: Company, SMIFS Research

Board Composition

In FY25, Independent directors constitute ~33% of the board composition.

The details are given below:

Fig 191: Board Composition

Particulars	FY24	FY25
Non-Executive Directors	8	8
Non-Independent Directors	4	4
Independent Directors	4	4
Executive Directors	4	4
Total	12	12
% Non-Executive Non-Independent Directors	33%	33%
% Non-Executive Independent Directors	33%	33%
% Executive Directors	33%	33%

Source: Company, SMIFS Research

Contingent Liabilities

The company's contingent liability stood at 1.2% of net worth in FY25 and it has increased sharply from FY24 due to tax claims under customs. The management expects no material liability will devolve on the group and hence not recognised in the books of account.

Fig 192: Contingent Liability (Rs in Mn)

Particulars	FY21	FY22	FY23	FY24	FY25
Income Tax	2.6	2.6	2.6	2.6	2.6
IGST payable under Customs Act	-	-	-	2.8	112.9
Total	2.6	2.6	2.6	5.4	115.4
As a % of Net Worth	0.1%	0.1%	0.1%	0.1%	1.2%

Source: Company, SMIFS Research

Related Party Transaction

As per our analysis of RPT, **nothing specific has come to our notice.**

Fig 193: Related Party Transaction (Consolidated) (Rs in Mn)

Related Party Transaction	FY21	FY22	FY23	FY24	FY25
Transactions with Key Management Personnel, their relatives and Non-Executive Directors					
Post Employment Benefits	-	-	-	6	7
Director sitting fees	-	-	-	3	3
Consultancy Charges	-	-	0	2	2
Rent Paid	0	0	0	0	0
Reimbursement of IPO Expenses	-	-	-	25	-
Reimbursement of Expenses	0	0	1	11	0
Loan Taken	309	10	5	635	-
Loan Repaid	37	48	25	113	127
Interest Paid	25	29	24	69	78
Consideration towards Purchase of Shares of Micro Wood Private Limited	-	-	-	699	-
Dividend Paid	-	-	27	46	67
Sale of Shares of subsidiary companies	-	-	0	-	-
Total	371	88	83	1,610	285
Transactions with Holding Company					
F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.					

Sale of goods or services	156	195	303	217	222
Purchase of goods or services	5	-	5	3	-
Reimbursement of expenses	-	-	-	400	-
Guarantee Fees Paid	-	5	5	29	-
Dividend Paid	-	-	28	47	46
Trade receivables	-	-	-	10	20
Payable to selling shareholder	-	-	-	50	50
Total	161	200	342	756	338

Related Party Transaction	FY21	FY22	FY23	FY24	FY25
Transactions with Subsidiaries and Associate companies					
Sale of goods or services					
Dixon Ticonderoga Company	437	776	1,111	1,116	1,144
Fila Argentina s.a.	22	19	40	36	21
Fila Chile Ltda	30	22	52	61	34
Fila Art and Craft	12	5	9	11	17
Johann Froescheis Lyra	9	6	5	8	21
Fila Dixon Stationery (Kunshan) Co.	3	-	2	3	1
Dixon Comercializadora, S.A De C.V	6	19	-	13	31
Daler Rowney Limited	2	4	14	13	17
Fila Canson Do Brasil Prod. De Arte	8	7	32	37	36
Fila Kirtasiye Ve Ofis Malzemeleri	-	-	-	-	11
Pt. Lyra Akrelux	8	12	14	4	6
Canson Art & Craft Yixing Co. Ltd	-	-	-	0	-
Canson Sas France	-	-	4	61	85
St. Cuthberts Mill Limited	-	-	1	-	-
Pioneer Stationery Private Limited	13	16	8	-	-
Micro Wood Private Limited	-	-	-	-	-
Clapjoy Innovations Private Limited	-	-	-	0	-
Total	550	887	1,292	1,364	1,422
Purchase of goods or services					
Dixon Ticonderoga Company	4	6	2	2	2
Johann Froescheis Lyra	6	-	1	-	1
St. Cuthberts Mill Limited	1	2	-	-	1
Daler Rowney Limited	10	3	4	2	1
Canson Sas France	22	35	62	115	187
Pioneer Stationery Private Limited	36	58	86	-	-
Micro Wood Private Limited	-	-	-	-	-
Total	79	104	155	119	193
Sale of Plant & Machinery					
Fila Argentina s.a.	1	-	-	-	-
Pioneer Stationery Private Limited	0	-	-	-	-
Total	1	-	-	-	-
Purchase of Plant & Machinery					
Uniwrite Pens and Plastics Private Limited	10	-	5	-	-
Total	10	-	5	-	-
Rent Paid					
Uniwrite Pens and Plastics Private Limited	2	0	0	-	-
Total	2	0	0	-	-
Rent received					
Pioneer Stationery Private Limited	0	0	0	-	-
Micro Wood Private Limited	-	-	-	-	-
Total	0	0	0	-	-
Royalty received					
Pioneer Stationery Private Limited	2	3	7	-	-
Total	2	3	7	-	-
Reimbursement of expenses					
Uniwrite Pens and Plastics Private Limited	0	-	-	-	-
Pioneer Stationery Private Limited	0	0	0	-	-
Total	0	0	0	-	-
Guarantee Fees Paid					
Pioneer Stationery Private Limited	2	2	2	-	-
Total	2	2	2	-	-
Purchase of shares					
Clapjoy Innovations Private Limited	-	-	15	-	-
Inxon Pens & Stationery Private Limited	0	-	-	-	-
Fixy Adhesives Private Limited	0	-	-	-	-
Total	0	-	15	-	-

Source: Company, SMIFS Research

Key management personnel

Fig 194: Details of promoter and director

Name	Designation	Profile
Harshad Raveshia	Chief Consultant Wood Working Division	He has had no formal education. He was previously associated with R. R. Industries and has over 48 years of experience in the stationery industry in India. He joined DOMS on 1st Dec, 2011 as the Head – Wood Working Division and was appointed as Chief Consultant of the Wood Working Division of our Company on 1st Apr, 2022.
Suresh Rajani	Chief Consultant Color Pencil Division	He has completed S.S.C. Exam (New Course) from Shrimati Gokalibai P. P. High School. He was previously associated with R. R. Industries and has over 48 years of experience in the stationery industry in India. He joined DOMS on 1st Dec, 2011 as the Head – Colour Pencil Division and was appointed as the Chief Consultant of the Colour Pencil Division of our Company on 1st Apr, 2022.
Vijay Somaiya	Head – Polymer Division	He was previously associated with R. R. Industries and has over 20 years of experience in the stationery industry in India. He joined DOMS 1st Dec, 2011.
Purav Raveshia	Vice President Product Development	He has completed HSC. He was previously associated with R. R. Industries and has over 20 years of experience in the stationery industry in India. He joined DOMS on April 1, 2011.
Sumit Rajani	Vice President Color Pencil & Graphite Lead	He has completed SSC and has over 20 years of experience in the stationery industry in India. He was previously associated with R.R. Industries, and he joined DOMS on 1st Dec, 2011.
Suraj Raveshia	Vice President International Business	He has completed BCom from University of Mumbai. He was previously associated with R. R. Industries and has over 14 years of experience in the stationery industry in India. He joined DOMS on 1st Apr, 2011.
Santosh Swain	Vice President Purchase & General Affairs	He has Completed BCom from Utkal University, Orissa. He was previously associated with S Tech Industries and has over 16 years of experience in the stationery industry in India. He joined DOMS on 1st Dec, 2011.
Rahul Shah	Chief Financial Officer	He holds a bachelor's degree in management studies from University of Mumbai and has passed the final examination of MCom held by University of Mumbai. He also holds a post graduate diploma in management (finance) from S. P. Jain Institute of Management & Research. In the past, he has worked in ARANCA Mumbai Pvt Ltd as a senior research analyst and Cohen Independent Research Group as an outside contractor analyst. Subsequently, he joined as a partner with Leap Growth Partners LLP, a boutique investment banking advisory outfit. He then joined DOMS 1st Dec, 2016 as Vice President – Finance & Accounts.
Saumitra Prasad	Chief Marketing Officer	He has completed Post Graduate in Management, Marketing from SVKM's Narsee Monjee Institute of Management Studies (NMIMS). He has over 35 years of experience and has worked with Revlon, Capital Maharaja Group, Kokuyo Camlin Ltd, Cavinkare, John Keells Foods India Pvt Ltd, etc. in the past.

Source: Company Investor Presentation, SMIFS Research

CSR Activities

DOMS Industries has spent ~Rs 22.6 Mn in FY25. The spend was ~101% of prescribed limit for FY25.

Fig 195: CSR spends

Particulars (Rs in Mn)	Avg Net Profit (last 3 Yrs)	Prescribed Expenditure	Total	(Rs in Mn)
				Spend as % of prescribed limit
FY25	1,118	22	23	101.3%
FY24	412	8	7	98.0%
FY23	NA	4	5	129.3%
FY22	NA	1	1	106.2%
FY21	NA	9	16	179.9%

Source: Company, SMIFS Research

Auditors

DOMS Industries appointed B.S.R & Co. LLP, Chartered Accountants and all entities in the network firm/network entity as the statutory auditor. The auditors have given a true and fair view for the results of the FY25.

Fig 196: Auditor fee

Auditor Name	Type	Auditor Fees	(Rs in Mn)
			As % of FY24 PBT
B.S.R & Co. LLP, Chartered Accountants and all entities in the network firm/network entity	Statutory Audit Fees	4.15	0.1%
	Others (includes Other Services, Out-of pocket expenses, etc.)	1.75	0.1%
Total		5.90*	0.2%

* Excluding applicable taxes. Note: The above fees exclude Rs. 26.95 mn paid in relation to the Initial Public Offer related expenses.

Source: Company Annual Report, SMIFS Research

Company Background

- DOMS Industries Limited is one of India’s leading branded stationery and art materials companies, with over five decades of operating history. The company has built a strong presence across households, schools, offices, and professional artist communities in India and overseas, supported by a broad product range and a well-recognised brand franchise.
- DOMS operates a diversified portfolio of more than **4,700+ SKUs**, spanning scholastic stationery, art and craft materials, hobby products, and office supplies. The company has positioned itself as a one-stop destination for stationery and creative needs, with a strong focus on quality, safety, and continuous product innovation.
- As part of its expansion strategy, DOMS acquired a 51% stake in Skido Industries to enter the school bag segment, leveraging its strong brand and distribution network while maintaining operational continuity through Skido’s existing management. In FY25, DOMS further diversified into the baby hygiene segment through an investment in Uniclän (baby diapers), reinforcing its push into adjacent, high-growth categories and strengthening its positioning as a child-centric consumer products company.
- The company’s growth has been underpinned by **in-house manufacturing capabilities**, ongoing product differentiation, strategic partnerships, and a steadily expanding distribution network. DOMS maintains a strong domestic footprint while also catering to international markets, which has helped enhance brand visibility and reputation globally.
- Operationally, DOMS is involved across the entire value chain from product design and development to manufacturing and distribution ensuring consistent quality standards and efficient execution. With a scalable business model and continued focus on portfolio expansion, DOMS is well positioned to sustain long-term growth in the stationery and allied categories.

Fig 197: Growth Journey of DOMS Industries

Year	Milestone
1973	R.R. Industries was established as a partnership firm, initially focused on the manufacturing of wooden pencils
2005	The brand name DOMS was formally registered as a trademark, marking the beginning of its brand-led journey. The company subsequently diversified its product portfolio by entering additional scholastic stationery categories.
2006	Writefine Products Private Limited was incorporated
2011	The Company acquired the businesses of R.R. Industries and S. Tech Industries, bringing all operations under a unified corporate structure.
2012	Entered a strategic partnership with <i>F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.</i> Launched a range of Scholastic Art Materials under the DOMS brand.
2015 & 2016	The Company acquired Pioneer Stationery Private Limited, marking its entry into the paper stationery segment
2023	The Company diversified into the toy segment through the acquisition of a 30% stake in Clapjoy Innovations Private Limited, while also entering the packaging industry by acquiring a 75% stake in Micro Wood Private Limited. During the same period, DOMS successfully completed its initial public offering (IPO) and was listed on both the BSE and NSE.
2024 & 2025	Entered the school bag segment through the acquisition of a 51% stake in Skido Industries Private Limited. Diversified into the baby hygiene segment by acquiring a 51.77% stake in Uniclän Healthcare Private Limited. Acquired a 51% stake in Super Treads Private Limited, Siliguri, West Bengal, on June 1, 2025. The acquisition strengthens the Company’s presence in eastern India, enhancing market proximity and enabling faster delivery of paper stationery products.

Source: Company, SMIFS Research

Diversified Product Portfolio:

Fig 198: Diversified Product Portfolio



Source: Company, SMIFS Research

Product Categories:

- **Scholastic Stationery:** Core pencils featuring patented groove technology for finger posture, dust-free erasers, and non-rusting mathematical instruments.
- **Scholastic Art Material:** Child-safe, non-toxic art tools including ergonomic "Grippie" crayons for toddlers and smooth-blending oil pastels.
- **Office Supplies:** High-volume pens and markers featuring "anti-push" tip mechanisms to prevent breakage under pressure.
- **Paper Stationery:** High-quality notebooks and subject books designed to prevent ink bleeding.
- **Kits & Combos:** Curated creative kits and themed gift sets that facilitate brand cross-selling.
- **Baby Hygiene (Wowper):** Advanced pull-up diapers with 3D Diamond Cross Core for uniform absorption and wetness indicators.
- **Fine Art Products (Amariz):** Professional-grade tools including high-grade synthetic brushes and kneadable erasers for serious artists.
- **Hobby & Craft:** Sensory development tools like modelling clay and play dough, designed for early childhood learning.

Fig 199: Brand Description



Source: Company, SMIFS Research

- **DOMS (Flagship):** The cornerstone of the company, accounting for **80% (FY26) of revenue**. Positioned as a mid-to-premium brand, it focuses on high-quality design, safety (non-toxic), and ergonomics. Tagline: "Every Ambition Needs Preparation".

- **C3:** Launched in 2012 to target the **affordable mass market** and rural areas. It primarily offers polymer-based pencils (priced at Rs3) and economical stationery kits.
- **Amariz:** A premium sub-brand launched in 2022 for professional artists, offering specialized brushes and artist-grade pencils.
- **Fixyfix:** Launched in 2023, this dedicated brand houses the company's adhesive range, including liquid gum and glue sticks.
- **Wowper:** The baby hygiene brand (acquired via Uniclax) that sells diapers and wipes using DOMS' existing kirana distribution network

Fig 200: Historical Segmental Performance

Revenue Mix (%)	FY21	FY22	FY23	FY24	FY25	FY26
Scholastic Stationery	46.2%	47.2%	46.2%	43.8%	37.3%	31.4%
Scholastic art material	23.6%	24.0%	23.8%	26.8%	22.0%	20.2%
Paper stationery	9.7%	9.2%	10.3%	9.3%	9.6%	8.8%
Kits and combos	11.3%	11.5%	10.3%	9.7%	9.4%	10.0%
Office supplies	5.9%	5.8%	6.1%	7.0%	11.6%	15.3%
Hobby and craft	0.1%	0.1%	1.3%	1.2%	1.2%	3.0%
Fine art Product	1.4%	1.4%	1.2%	1.0%	1.3%	1.0%
Others	1.7%	0.8%	0.9%	1.1%	1.6%	1.5%
Hygiene Products	0.0%	0.0%	0.0%	0.1%	6.0%	8.9%

Source: Company, SMIFS Research

Manufacturing & Distribution Deep Dive

Manufacturing & Operations

DOMS operates one of the most integrated manufacturing ecosystems in the Indian stationery industry, with nearly 95% in-house manufacturing across key categories. This high degree of backward integration provides significant advantages in terms of cost control, product quality, supply-chain resilience and speed-to-market, while reducing dependence on third-party vendors. The company currently operates 18 manufacturing facilities spread across more than 2mn sq. ft. and over 55 acres, with its flagship Umbergaon complex in Gujarat serving as the core manufacturing hub, supported by facilities in Jammu, Jalandhar, Jaipur and Siliguri.

Capex & Timelines

During FY26, the company incurred capex of ~Rs2.8bn, primarily towards the development of the 45-acre Umargam site, acquisition of additional land parcels in Umargam and Jammu, and expansion of moulding, writing instruments and adhesive capacities. Management has guided for another Rs2.5–2.75bn of capex in FY27, reflecting its continued focus on creating long-term manufacturing capabilities.

The centerpiece of this expansion is the new 45-acre greenfield facility adjacent to the existing Umbergaon complex. Construction of the first building is on track for completion by June 2027, with commercial production expected to commence towards the end of Q2FY27. The facility will support future growth across writing instruments, pencils, adhesives and export-oriented products, while also creating dedicated capacity for FILA-related requirements. Management continues to maintain its medium-term growth aspiration of 17–20%, supported by phased commissioning and strong demand visibility.

Overall, DOMS' integrated manufacturing capabilities, coupled with a multi-year capex cycle and phased capacity additions, provide a strong platform for sustained growth. The expansion programme not only removes existing bottlenecks but also creates optionality for export growth, deeper distribution penetration and entry into new categories, reinforcing the company's position as an integrated children-centric consumer platform.

Fig 201: Manufacturing Facilities



Source: Company, SMIFS Research

Strong Distribution & Supply Chain:

DOMS operates a **well-structured, pan-India distribution network** supported by reliable suppliers and long-term channel partnerships, ensuring **uninterrupted production, timely market reach, and high service standards**. The company's multi-channel approach enables quick response to demand while maintaining strong brand visibility.

Strong Distribution & Supply Chain:

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Domestic Distribution Network

- **Pan-India presence** across **28 states and 8 UT**
- Distribution spans **general trade, modern trade, e-commerce and quick commerce**
- Strong presence in stationery stores, gift shops, Kirana outlets, and online platforms
- **Quick commerce integration** supports impulse and convenience-led purchases

Network Scale & Reach

- **Stationery & Art Materials:** 130+ super stockists | 5,900+ distributors | 145,000+ retailers
- **Baby Hygiene (Uniclan):** 95+ super stockists | 1,300+ distributors | 45,000+ retailers
- **Dedicated sales team:** 1,260+ Sales personnels (DOMS 1,000+ and Uniclan 260+) driving retail-level engagement.

Key risks

- **Exposure to raw material price volatility**

DOMS' cost structure is sensitive to prices of key raw materials such as **wood, paper, plastics and rubber**, which are subject to global commodity price fluctuations. Sharp increases in input costs could pressure margins, especially in core products such as pencils, pens and notebooks, if cost pass-through is limited.

- **Dependence on the FILA Group**

Dependence on FILA partnership remains a key monitorable, given its role in supporting exports, product development and technical expertise. Any adverse change in the relationship could affect international growth opportunities and innovation initiatives.

- **High concentration of manufacturing operations**

A significant portion of DOMS' manufacturing is concentrated at the **Umbergaon facility**, which produces key categories such as stationery, art materials and office supplies. This high geographic concentration exposes the company to operational risks, as any disruption at this location could materially impact production and supply continuity.

- **Risk of delay in commissioning the greenfield facility**

As a backward-integrated player, DOMS has faced capacity constraints amid strong demand across categories. Given limited scope for brownfield expansion due to space limitations, the proposed **44-acre greenfield facility** is central to the company's growth strategy. Any delay in commissioning could constrain near-term volume growth and delay revenue ramp-up.

- **Structural risk from increasing digital adoption**

The gradual adoption of digital learning tools and e-learning platforms may reduce long-term demand for traditional stationery products. While the near-term impact in India remains limited due to relatively low digital penetration—particularly in rural markets—a sustained structural shift towards digital education could pose a demand risk over the long term.

- **Intensifying competitive landscape**

The company faces rising competition from existing domestic players across core product categories, including pencils and geometry boxes. Additionally, any reduction in import duties could lead to increased inflow of low-cost Chinese stationery and art products, intensifying competitive pressure and potentially impacting market share and pricing.

Valuation and Recommendations

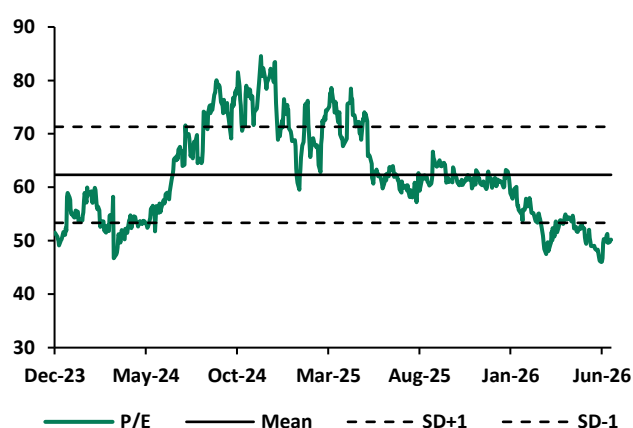
India's stationery and art materials market continues to benefit from structural tailwinds including formalisation, rising branded penetration and premiumisation. Backed by strong brand equity, leadership across core scholastic categories and an expanding presence in adjacent categories, DOMS is well positioned to capitalise on these trends. The company's integrated manufacturing footprint, comprising 18 facilities with over 2.0 mn sq. ft. of operational area and ~95% in-house production, provides meaningful advantages in product quality, innovation, supply-chain control and cost efficiency.

Looking ahead, growth is expected to be supported by continued distribution expansion, new product launches, category diversification and capacity additions, including the commissioning of its upcoming greenfield facility. The strategic partnership with FILA enhances product development capabilities, supports access to global best practices and provides opportunities to expand in international markets and premium segments.

We expect DOMS to deliver a revenue CAGR of ~19% over FY26–FY28E, driven by sustained market share gains, category expansion and capacity-led growth. While near-term margins may remain range-bound due to investments in capacity expansion, new categories, brand building and elevated raw material volatility, improving asset utilisation and operating leverage should support healthy profitability and return ratios over the medium term.

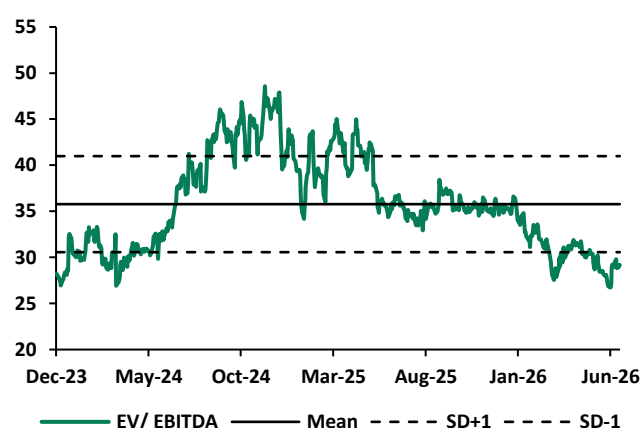
DOMS continues to command a premium valuation supported by its strong growth profile, category leadership, robust execution track record and long runway for expansion. However, the current valuation captures a substantial portion of the near-to-medium-term growth potential. Accordingly, we value DOMS at **46x FY28E EPS** to arrive at a **target price of Rs 2,460** and initiate coverage with an **ACCUMULATE** rating.

Fig 202: 1 Year Forward P/E Chart



Source: ACE Equity, SMIFS Research

Fig 203: 1 Year Forward EV/EBITDA Chart



Source: ACE Equity, SMIFS Research

Quarterly financials, operating metrics & Key Performance Indicators

Fig 204: Quarterly Financials & Operating Metrics (Consolidated)

Y/E March (Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Sales	4,450	4,578	5,011	5,087	5,623	5,679	5,922	6,040
Raw Materials	2,533	2,591	2,829	2,853	3,254	3,192	3,304	3,363
Employee Costs	611	615	702	724	764	816	848	862
Other Expenditure	443	512	601	628	618	676	736	806
EBITDA	864	859	879	883	987	995	1,034	1,009
Other Income	56	61	62	48	45	64	35	41
Depreciation	148	161	175	208	204	220	225	232
EBIT	772	759	765	723	828	839	844	819
Interest	40	38	36	36	35	21	22	30
Exceptional items	-	-	-	-	-	-	-	-
PBT	732	721	730	686	793	818	822	789
Tax	189	184	187	174	202	210	208	207
Tax rate (%)	25.8	25.5	25.6	25.3	25.5	25.6	25.3	26.2
PAT	543	537	543	513	591	609	614	582
Share of Associate / JV	0	0	0	0	0	0	0	0
Minority Interest	25	23	35	28	18	26	35	15
Consol. PAT	518	513	507	484	573	583	579	567
Adj. PAT	518	513	507	484	573	583	579	567
YoY Growth (%)								
Revenue	17.3	19.7	34.9	26.0	26.4	24.1	18.2	18.7
EBITDA	38.9	31.7	26.7	16.2	14.3	15.8	17.7	14.4
Adj PAT	49.5	42.4	35.9	7.4	10.5	13.5	14.1	17.1
QoQ Growth (%)								
Revenue	10.2	2.9	9.5	1.5	10.5	1.0	4.3	2.0
EBITDA	13.8	-0.5	2.2	0.5	11.9	0.8	3.9	-2.4
Adj PAT	14.9	-1.0	-1.2	-4.5	18.3	1.7	-0.7	-2.0
Margin (%)								
RMC/revenue (%)	56.9	56.6	56.5	56.1	57.9	56.2	55.8	55.7
Gross margin (%)	43.1	43.4	43.5	43.9	42.1	43.8	44.2	44.3
Employee Costs / Revenue (%)	13.7	13.4	14.0	14.2	13.6	14.4	14.3	14.3
Other Expenses / Revenue (%)	9.9	11.2	12.0	12.3	11.0	11.9	12.4	13.4
EBITDA margin (%)	19.4	18.8	17.5	17.3	17.6	17.5	17.5	16.7
Adj. PAT margin (%)	11.6	11.2	10.1	9.5	10.2	10.3	9.8	9.4
Operational Metrics								
Product Categories	7	8	8	8	8	8	8	9
SKUs	4,100	4,200	4,350	4,300	4,400	4,500	4,600	4,700
States	29	28	28	28	28	28	28	28
UTs	-	8	8	8	8	8	8	8
Export Countries	50	50	50	50	55	55	55	55
Operations Area (Mn/ sq.ft)	1.73	1.80	1.80	1.90	2.00	2.00	2.00	2.00
Workforce	10,000	11,500	12,300	12,500	13,000	13,250	13,500	14,000
Super Stockists	125	125	125	125	130	130	130	130
Distributors	4,750	4,750	5,600	5,675	5,725	5,725	5,800	5,900
Retail Outlets	125,000	135,000	140,000	145,000	145,000	145,000	145,000	145,000
Sales Personnel	675	750	800	800	850	900	950	1,000
Uniclan- For Baby Hygiene:								
Super Stockists			40	70	70	100	90	95
Distributors			1,100	1,100	1,100	1,200	1,250	1,300
Retail Outlets			35,000	35,000	38,000	38,000	40,000	45,000
Sales Personnel			250	250	240	260	260	260
Channel Mix								
GT	76%	77%	78%	75%	74%	71%	76%	74%
Exports	15%	15%	15%	14%	14%	14%	11%	13%
MT	4%	4%	3%	5%	6%	8%	8%	7%
Others	5%	4%	4%	6%	6%	7%	5%	6%
Regional Mix								
North	30%	33%	33%	33%	28%	34%	34%	33%
South	22%	16%	18%	18%	22%	16%	17%	18%
East	15%	19%	18%	19%	17%	21%	23%	20%
West	30%	32%	31%	30%	33%	29%	26%	29%
Exports								
FILA Group Exports (As % of Revenues)	9.3%	8.6%	8.7%	8.4%	8.3%	8.3%	6.0%	7.3%
Third Party Exports (As % of Revenues)	6.1%	6.3%	6.0%	5.4%	6.1%	5.6%	5.3%	5.2%

Source: Company, SMIFS Research

Fig 205: Key Performance Indicators

KPIs	FY24	FY25	FY26	FY27E	FY28E
Revenues	15,371	19,126	23,264	27,709	32,672
YoY (%)	26.8	24.4	21.6	18.8	19.1
EBITDA	2,727	3,484	4,026	4,809	5,474
EBITDAM (%)	17.7	18.2	17.3	17.4	16.8
Revenue Mix (%)					
Category-wise					
- Scholastic Stationery	43.8%	37.3%	31.4%	27.8%	23.9%
- Scholastic art material	26.8%	22.0%	20.2%	18.2%	16.9%
- Paper stationery	9.3%	9.6%	8.8%	8.5%	7.4%
- Kits and combos	9.7%	9.4%	10.0%	10.3%	12.5%
- Office supplies	7.0%	11.6%	15.3%	17.7%	20.5%
- Hobby and craft	1.2%	1.2%	3.0%	4.3%	5.5%
- Fine art Product	1.0%	1.3%	1.0%	1.0%	0.9%
- Others	1.1%	1.6%	1.5%	2.3%	2.2%
- Hygiene Products	0.1%	6.0%	8.9%	10.0%	10.3%
Channel-wise					
- Domestic GT	76.8%	75.4%	75.3%	74.2%	74.0%
- Domestic MT & E-comm	2.8%	5.4%	5.5%	7.2%	7.4%
- Domestic Others	3.4%	5.4%	5.5%	6.1%	6.3%
- Exports to FILA	10.0%	8.4%	8.3%	7.3%	7.1%
- Third Party Exports	7.0%	5.4%	5.4%	5.2%	5.2%
Geography-wise					
- Domestic	83.0%	86.2%	86.3%	87.5%	87.7%
- Exports	17.0%	13.8%	13.7%	12.5%	12.3%

Source: Company, SMIFS Research Estimates

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenues	15,371	19,126	23,264	27,438	32,672
Raw Materials	8,928	10,806	13,113	15,548	18,481
% of sales	58.1	56.5	56.4	56.7	56.6
Personnel	2,131	2,652	3,289	3,934	4,684
% of sales	13.9	13.9	14.1	14.3	14.3
Other Expenses	1,586	2,183	2,836	3,386	4,032
% of sales	10.3	11.4	12.2	12.3	12.3
EBITDA	2,727	3,484	4,026	4,570	5,474
Pre IND-AS EBITDA	2,579	3,319	3,881	4,425	5,330
Other Income	101	226	186	219	261
Depreciation & Amortization	512	692	881	988	1,144
EBIT	2,316	3,019	3,331	3,801	4,592
Finance cost	171	150	108	127	152
Core PBT	2,043	2,642	3,037	3,455	4,179
Exceptional items	0	0	0	0	0
PBT	2,145	2,868	3,223	3,674	4,440
Tax-Total	548	733	827	926	1,119
Effective tax rate (%)	25.6	25.6	25.7	25.2	25.2
PAT	1,597	2,135	2,396	2,748	3,321
Share of Associates & JVs	(0)	0	0	0	0
Minority Interest	65	112	94	98	103
Consolidated PAT	1,531	2,023	2,302	2,650	3,218
Adjusted PAT	1,531	2,023	2,302	2,650	3,218

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY24	FY25	FY26	FY27E	FY28E
Growth Ratio (%)					
Revenue	26.8	24.4	21.6	17.9	19.1
EBITDA	46.1	27.8	15.5	13.5	19.8
Pre IND-AS EBITDA	46.4	28.7	17.0	17.7	19.8
Adjusted PAT	59.8	32.1	13.8	15.1	21.4
Margin Ratios (%)					
Gross Profit	41.9	43.5	43.6	43.3	43.4
EBITDA	17.7	18.2	17.3	16.7	16.8
Pre IND-AS EBITDA	16.8	17.4	16.7	16.7	16.8
EBIT	15.1	15.8	14.3	13.9	14.1
Core PBT	13.3	13.8	13.1	12.6	12.8
Adjusted PAT	10.0	10.6	9.9	9.7	9.8
Return Ratios (%)					
ROE	25.6	21.0	19.3	18.6	19.1
ROCE	22.8	19.5	18.0	18.2	18.9
Turnover Ratios (days)					
Gross Block Turnover (x)	2.7	2.3	2.1	2.1	2.1
Adj OCF Pre IND-AS / Adj PAT (%)	94.7	70.9	100.6	89.2	104.7
Inventory	49	50	53	56	55
Debtors	12	19	23	24	24
Creditors	21	19	18	18	18
Cash conversion cycle	39	49	58	62	61
Solvency Ratio (x)					
Debt-equity	0.2	0.2	0.1	0.1	0.1
Net debt-equity	-0.2	0.0	0.1	0.0	0.0
Gross Debt/EBITDA	0.6	0.6	0.4	0.3	0.2
Current Ratio	3.5	3.2	2.5	2.8	3.1
Interest coverage ratio	13.5	20.1	30.8	29.8	30.3
Dividend					
Adj DPS	0.2	2.5	3.1	4.3	5.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.1	0.1	0.1	0.1
Per share Ratios (Rs)					
Basic EPS (Reported)	25.2	33.3	37.9	43.7	53.0
Adjusted EPS	25.2	33.3	37.9	43.7	53.0
CEPS	33.7	44.7	52.4	59.9	71.9
BVPS	138.8	178.4	214.6	253.9	301.7
Valuation (x)*					
Adj P/E	57.3	73.0	61.6	53.5	44.1
P/BV	10.4	13.7	10.9	9.2	7.7
EV/EBITDA	31.7	42.4	35.4	31.2	25.8
EV/Sales	5.6	7.7	6.1	5.2	4.3
Adj Mcap / Core PBT	41.4	55.1	46.5	40.8	33.5
Adj Mcap / Adj OCF Pre IND AS	58.3	101.5	61.0	59.7	41.6

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Sources of funds					
Capital	607	607	607	607	607
Reserves & Surplus	7,815	10,218	12,414	14,802	17,702
Shareholders' Funds	8,422	10,825	13,021	15,409	18,309
Total Loan Funds	1,719	2,131	1,466	1,396	1,326
Other Liabilities	0	30	6	6	6
Total Liabilities	10,141	12,987	14,492	16,811	19,641
Application of funds					
Gross Block	6856	10013	11918	14568	17068
Net Block	4,439	6,904	7,928	9,590	10,947
Capital WIP	254	603	1,621	1,121	921
Quasi Cash Investments					
Investments	15	15	15	15	15
Other Non-current Assets	1,028	704	1,067	1,117	1,167
Inventories	2,251	2,940	3,770	4,661	5,192
Sundry Debtors	646	1,343	1,637	1,931	2,299
Current Investments	7	19	21	21	21
Cash & Bank Balances	3,059	2,254	618	774	1,790
Other Current Assets	201	332	347	367	387
Total Current Assets	6,165	6,888	6,393	7,754	9,689
Sundry Creditors	904	1,091	1,252	1,476	1,758
Other Current Liabilities	854	1,036	1,281	1,311	1,341
Total Current Liabilities	1,759	2,127	2,532	2,787	3,099
Net Current Assets	4,406	4,761	3,861	4,967	6,590
Total Assets	10,141	12,987	14,492	16,811	19,641

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Operating profit before WC changes					
	2,758	3,568	4,215	4,570	5,474
Net chg in working capital	(289)	(977)	(824)	(1,000)	(658)
Income tax Paid	(643)	(757)	(847)	(952)	(1,145)
Cash flow from Operating Activities (a) (Pre IND-AS EBITDA)	1,544	1,549	2,435	2,491	3,520
Adj. OCF (Pre IND-AS EBITDA)	1,451	1,434	2,316	2,364	3,369
Capital expenditure	(1,535)	(2,100)	(2,808)	(2,150)	(2,300)
Adj FCF	(84)	(667)	(492)	214	1,069
Cash flow from Investing Activities (b)	(4,576)	(1,396)	(1,486)	(1,931)	(2,039)
Debt	(148)	35	(645)	(70)	(70)
Dividend	(13)	(152)	(191)	(262)	(318)
Interest & lease	(93)	(115)	(120)	(127)	(152)
Others	3,226	(166)	(171)	(73)	(77)
Cash flow from Financing Activities (c)	2,972	(398)	(1,127)	(532)	(617)
Net change in Cash (a+b+c) Pre IND-AS	(60)	(244)	(178)	29	864

Source: Company, SMIFS Research Estimates

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Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Tamari Chatterjee,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5414 / +91 33 6634 5414

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5466, (B) +91 33 4011 5466

Email Id: smifs.institutional@smifs.com