



Industry report on the Stationery and Art Material Market in India

23rd November 2023



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1. MACRO ECONOMIC OVERVIEW

1.1 Macro-Economic and Overview - GDP and GDP Growth

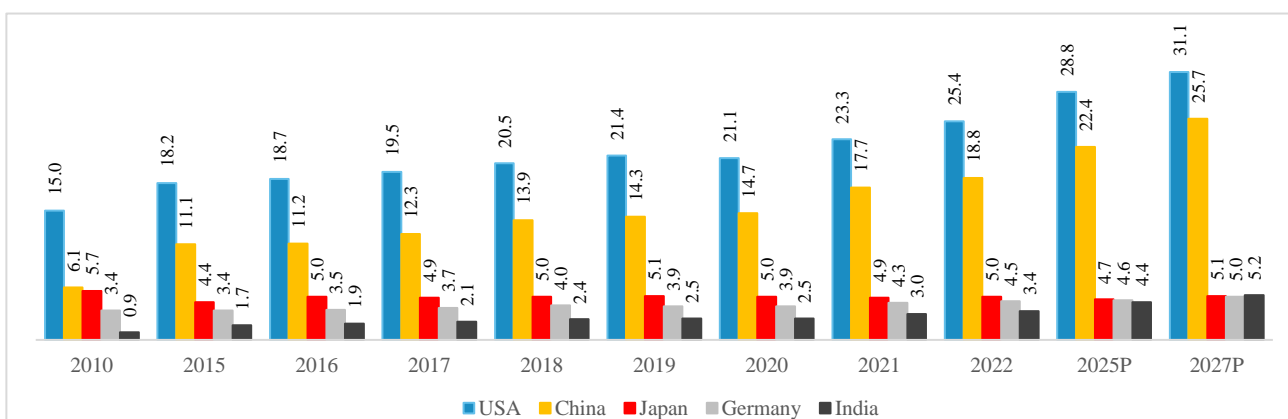
1.1.1 Global Economy

Following the onset of the Covid-19 pandemic crisis, the global economy has experienced a combination of both risks and opportunities. Progressing toward recovery, the global economy started returning to normalcy after a prolonged struggle; the governments worldwide have taken swift and appropriate measures, including widespread vaccination efforts and the consistent implementation of fiscal and monetary support strategies. Right when the economic situation seemed to be improving after the Covid-19, the Russia-Ukraine geopolitical conflict unfolded, contributing to global inflationary pressures and resulting in record-high levels not witnessed in the past four decades. Moreover, the impact of the conflict between Israel and Hamas on global financial markets will be contingent on the involvement of major regional powers. If the conflict remains localized between Israel and Hamas, its effects are likely to be limited, primarily affecting countries directly engaged in trade with Israel or Palestine. However, should the conflict extend to major oil-producing nations in the region, such as Iran, the global economy may experience significant consequences. Interruptions in the oil supply could lead to a sharp increase in energy costs for businesses and households, posing a potential threat to the overall stability of the global economy. To tackle this, Central Banks are adopting a hawkish approach and implementing interest rate hikes.

On the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries, the GDP of the World grew by 13.2% CY 21 against a contraction of 3.0 % in CY 20. The positive trend continued into CY 22, with a growth rate of 4.7%. The global GDP is forecasted to grow from USD 101.0 trillion in CY 22 to 128.5 in CY 27, thus growing at a CAGR of 4.9% during the forecasted period. The GDP (at current price) of the major economies in the world is presented in the table below.

Exhibit 1.1: GDP at current prices (In USD Tn) and GDP Ranking of Key Global Economies (CY 22)

Country	Rank in GDP (CY 22)	Rank in GDP (PPP)	CY 10	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P	CAGR (2016-21)	CAGR (2022-27)
USA	1	2	15.1	18.2	18.7	19.5	20.5	21.4	21.1	23.3	25.4	28.8	31.1	4.5%	4.1%
China	2	1	6.1	11.1	11.2	12.3	13.9	14.3	14.7	17.7	18.8	22.4	25.7	9.6%	6.5%
Japan	3	4	5.8	4.4	5.0	4.9	5.0	5.1	5.0	4.9	5.0	4.7	5.1	-0.4%	0.4%
Germany	4	5	3.4	3.4	3.5	3.7	4	3.9	3.9	4.3	4.5	4.6	5.0	4.2%	2.1%
India	5	3	0.9	1.7	1.9	2.1	2.4	2.5	2.5	3.0	3.4	4.4	5.2	9.6%	8.9%
UK	6	10	2.5	2.9	2.7	2.6	2.9	2.8	2.7	2.9	3.2	3.6	4.0	1.4%	4.6%
Brazil	12	8	2.2	1.8	1.8	2.1	1.9	1.9	1.5	1.6	1.8	2.3	2.6	-2.3%	7.6%
Russia	11	6	1.6	1.4	1.3	1.6	1.7	1.7	1.5	1.8	1.9	2.2	2.3	6.7%	3.9%
World	-	-	66.6	75.2	76.5	81.4	86.5	87.7	85.0	96.5	101.0	116.5	128.5	4.8%	4.9%

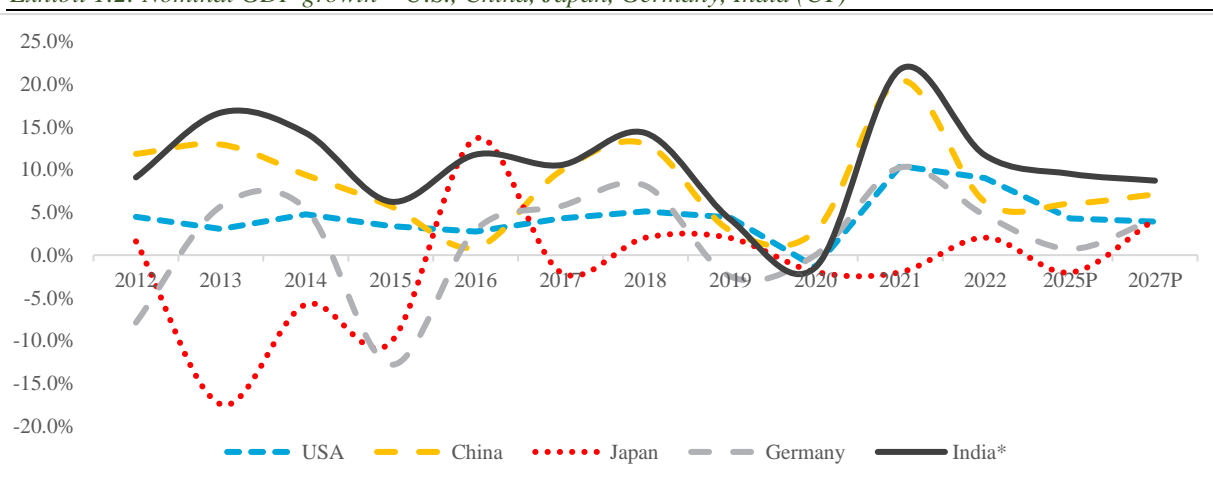


Source: World Bank Data, IMF, RBI; CY 2022 for India refers to FY 2023 data and so on.

The world economy has experienced a contraction in GDP growth during the pandemic i.e. in CY 20. However, the governments and central banks globally have taken decisive actions by implementing fiscal and monetary stimulus measures to bolster the process of economic recovery. Further, the gradual recovery of global supply chains and increased international trade have contributed to the positive growth trajectory. These well-calibrated initiatives and the recovery to global supply-chain have been directed towards reinstating consumer and business confidence, stimulating demand, and achieving stability in financial markets. As a result of these concerted efforts, multiple countries and regions have demonstrated encouraging signs of economic revival and notable growth.

The economies of India and China witnessed remarkable growth in nominal GDP during the calendar year 2021 and 2022, following the COVID-19 pandemic. India demonstrated a substantial year-on-year nominal GDP growth rate of 21.8% in CY 21 followed by a growth of 11.7% in CY 22. Meanwhile China experienced a notable growth rate of 20.4% in CY 21 and 6.2% growth in CY 22. On the other hand, major economies like the United States and Germany reported GDP growth rates of 10.4% and 10.3% respectively during CY 21 followed by 9% and 4.7% GDP growths in CY 22. Japan, however, experienced a negative growth in GDP (-2.0%) during CY 21. Nevertheless, in CY 22, Japan's GDP rebounded with a growth rate of 2%.

Exhibit 1.2: Nominal GDP growth – U.S., China, Japan, Germany, India (CY)



	CY 12	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 25P	CY 27P
USA	4.5%	3.1%	4.8%	3.4%	2.7%	4.3%	5.1%	4.4%	-1.4%	10.4%	9.0%	4.3%	3.9%
China	11.8%	12.9%	9.4%	5.7%	0.9%	9.8%	13.0%	2.9%	2.8%	20.4%	6.2%	6.0%	7.1%
Japan	1.6%	-17.5%	-5.8%	-10.2%	13.6%	-2.0%	2.0%	2.0%	-2.0%	-2.0%	2.0%	-2.0%	4.2%
Germany	-7.9%	5.7%	5.4%	-12.8%	2.9%	5.7%	8.1%	-2.5%	0.0%	10.3%	4.7%	0.7%	4.3%
India*	9.1%	16.7%	14.3%	6.2%	11.8%	10.5%	14.3%	4.2%	-1.4%	20.0%	11.7%	9.5%	8.7%

Source: India Data from RBI, Future growth rate from OECD Data, Technopak Analysis
1USD = INR 80

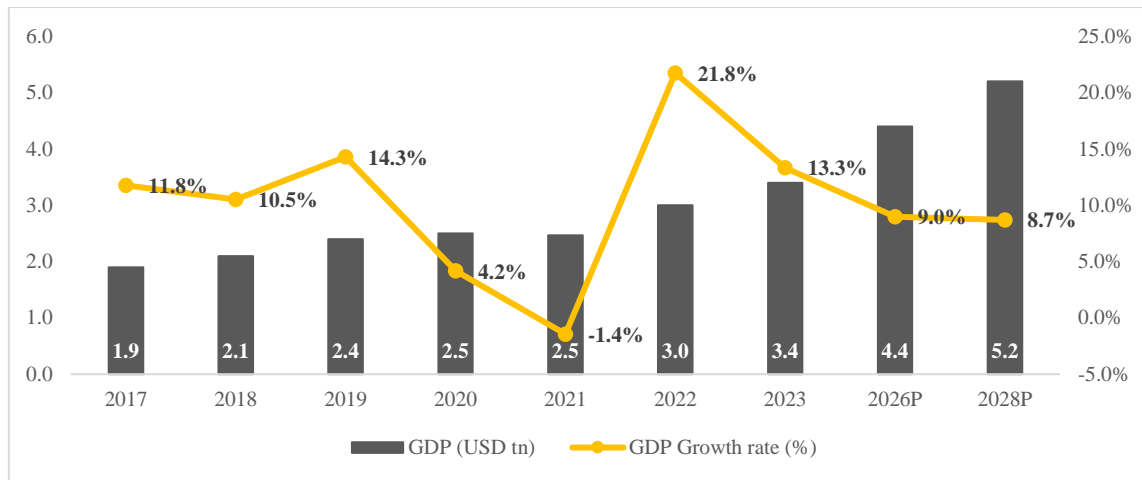
*For India, CY 11 represents FY 12 and so on.

1.1.2 Indian Economy

India is the world's 5th largest economy and expected to be in the top 3 by FY 28

India ranked fifth in the world in terms of nominal gross domestic product ("GDP") for FY 22 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is expected to be USD ~5.2 trillion economy by FY 28 and is estimated to be the third largest economy surpassing Germany and Japan.

Exhibit 1.3: India's nominal GDP at current prices (In USD Tn) and GDP Growth rate (%) (FY)



Source: World Bank Data, RBI, IMF

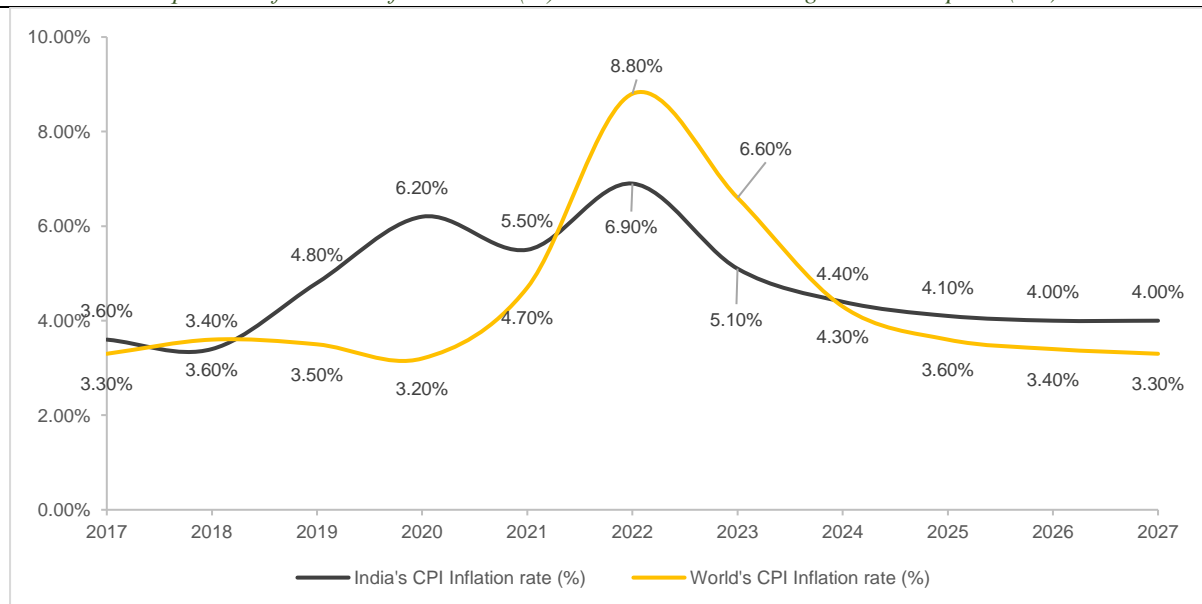
India's nominal GDP has grown at a CAGR of 9.6% between FY 17 and FY 22 and is expected to continue the trend by registering an expected CAGR of 8.9% for 5-year time period from FY 23 to FY 28.

Since FY 05, the Indian economy's growth rate had been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. From FY 23 to FY 28, India's nominal GDP is expected to grow at a CAGR of 8.9%, which compares favorably to the world average (4.9%) and with other major economies, including China (6.5%), UK (4.6%), Japan (0.4%), Germany (2.1%) and the USA (4.1%) for the similar period of CY 22 to CY 27. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 28. Several factors are likely to contribute to economic growth in the long run. These include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, government policies, increasing aspirations and affordability etc.

1.2 Macro-Economic and Overview – Inflation

Inflation is measured by the consumer price index (CPI), is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. The world has witnessed a significant rise in inflation during the year 2022 where the average global inflation was recorded at 8.8%. As per the IMF report, the global inflation rate is expected to drop to 6.6% in CY 23 and 4.3% to CY 24 as compared to a pre-pandemic level of 3.5% during CY 17 to CY 19.

Exhibit 1.4: Comparison of India's inflation rate (%) to the World's – average consumer price (CY)



Source: IMF projection

The economies of both India and the world are undergoing a recovery process following the impact of the COVID-19 pandemic. However, the speed of their recovery is influenced not only by the severity of the COVID-19 impact but also by their ability to handle the challenges arising from the economic consequences of the ongoing geopolitical conflict between Russia and Ukraine.

Due to a substantial increase in global crude oil and commodity prices, India along with other developed countries are faced significant challenges related to high levels of inflation in recent years. Further, the pandemic has led to disruptions in global supply chains, affecting the availability of goods and raw materials. In response to this inflationary pressure, these countries are compelled to raise their domestic interest rates. RBI has been working towards reducing inflation by increasing the Repo rate to control the supply and demand of goods and services. The RBI has increased repo rate by a cumulative 250 basis points, from 4% in April 2022 to 6.50% in April 2023, with an aim to tackle the current inflation scenario in India.

The CPI inflation rate in India has been above the Reserve Bank of India (RBI) medium-term target of 6%. The country's retail inflation slipped to 4.25% in May 2023, from 6.44% in January 2023. The CPI inflation in India is expected to fall from 6.9% in FY 22 to 5.1% in FY 23 and further dropping to 4.4% during the year 2024.

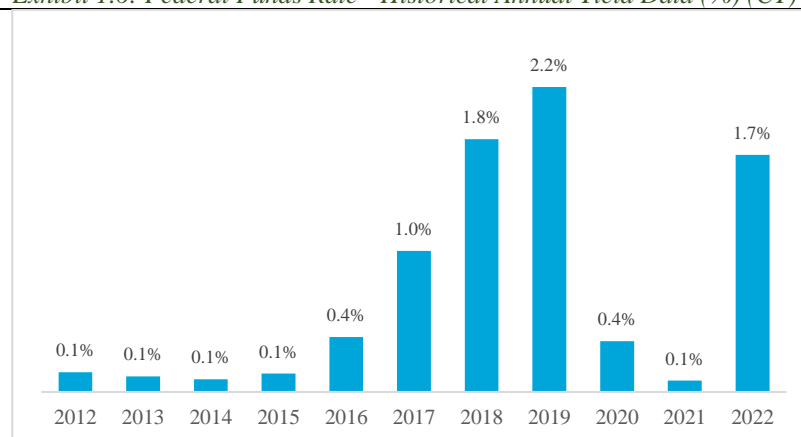
Exhibit 1.5: Global Inflation rate, average CPI (%) – U.S., U.K, China, Japan, India, Germany (CY)

Inflation rate (CPI%)	2017	2018	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P
China	1.6%	2.1%	2.9%	2.4%	0.9%	2.2%	2.2%	1.9%	2.0%	2.0%	2.0%
India	3.6%	3.4%	4.8%	6.2%	5.5%	6.9%	5.1%	4.4%	4.1%	4.0%	4.0%
Japan	0.5%	1.0%	0.5%	0.0%	-0.2%	2.0%	1.4%	1.0%	1.0%	1.0%	1.0%
Germany	1.7%	1.9%	1.4%	0.4%	3.2%	8.5%	7.2%	3.5%	2.6%	2.0%	2.0%
UK	2.7%	2.5%	1.8%	0.9%	2.6%	9.1%	9.0%	3.7%	1.8%	2.0%	2.0%
USA	2.1%	2.4%	1.8%	1.2%	4.7%	8.1%	3.5%	2.2%	2.0%	2.0%	2.0%
World	3.3%	3.6%	3.5%	3.2%	4.7%	8.8%	6.6%	4.3%	3.6%	3.4%	3.3%

Source: IMF projections

The Federal Reserve made significant changes to interest rates in an effort to stabilize the economy and support financial markets. During Covid-19, the Federal Reserve swiftly responded to the emerging crisis by cutting its benchmark interest rate to near-zero levels. However, during the time of inflation, the Federal Reserve has increased the interest rate to slow down borrowing and spending, which can help reduce inflationary pressures. Exhibit 1.6 depicts the change in Interest rates pre and post covid.

Exhibit 1.6: Federal Funds Rate - Historical Annual Yield Data (%) (CY)



Source: Secondary Research

1.3 Private Final consumption

GDP growth in India is expected to be driven by rising private final consumption expenditure. India is a private consumption driven economy where the share of domestic consumption is measured as private final consumption expenditure (PFCE). This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 10.4% between FY 17 and FY 23, compared to 5.5% and 12.7% in the USA and China, respectively during the similar period of CY 16 and CY 22. Further, Indian total PFCE is expected

to grow at same pace during the next 5 years at a CAGR of 10.8% and projected reach to USD 3 trillion by FY 27.

In FY 22, PFCE accounted for ~60% of India's GDP. This is much higher than that in China (~39%), Germany (~50%) and comparable to that of the US (~68%) and the UK (~61%) for similar time of CY 21. With the rapidly growing GDP and PFCE, India is expected to be one of the top consumer markets in the world. It is estimated that the Private Final Consumption expenditure contribution to India's GDP will be 60.55% for FY 23.

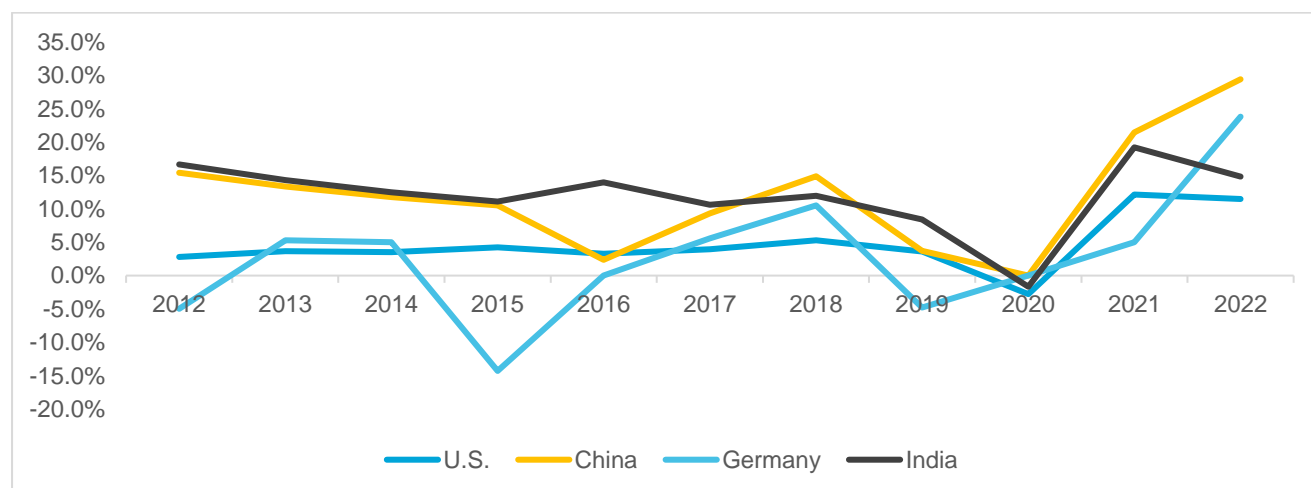
Exhibit 1.7: Total Private Final Consumption Expenditure in CY (Current Prices USD Tn)

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2026P	Contribution to GDP			CAGR	
														2019	2021	2022	2016-22	2022-26
U.S.	10.7	11	11.4	11.8	12.3	12.7	13.2	13.9	14.4	14	15.7	17.5	NA	67.4%	68.3%	NA	5.5%	NA
China	2.6	3	3.4	3.8	4.2	4.3	4.7	5.4	5.6	5.6	6.8	8.8	NA	39.2%	38.9%	NA	12.7%	NA
Germany	2	1.9	2	2.1	1.8	1.8	1.9	2.1	2	2	2.1	2.6	NA	51.7%	49.6%	73.1%	6.3%	NA
India*	0.6	0.7	0.8	0.9	1.0	1.1	1.3	1.4	1.5	1.5	1.8	2.1	3.0	61.0%	59.6%	60.1%	10.4%	10.8%
Italy	1.4	1.3	1.3	1.3	1.1	1.1	1.2	1.3	1.2	1.1	1.1	1.5	NA	59.8%	57.8%	79.8%	5.3%	NA
U.K.	1.7	1.8	1.8	2	1.9	1.8	1.7	1.9	1.8	1.7	2	2.6	NA	66.0%	61.1%	83.9%	6.3%	NA
World	41.7	42.6	43.8	45	42.6	43.6	46	48.5	49.3	46.9	50.2	NA	NA	56.2%	55.7%	NA	NA	NA

Source: World Bank, RBI, Technopak Research & Analysis
 * For India, CY 2011 refers to FY 2012 and so on, India Data in FY 1USD = INR 80

Exhibit 1.8: Total Private Final Consumption Expenditure growth (%) (CY)

Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
U.S.	2.8%	3.6%	3.5%	4.2%	3.3%	3.9%	5.3%	3.6%	-2.8%	12.1%	11.5%
China	15.4%	13.3%	11.8%	10.5%	2.4%	9.3%	14.9%	3.7%	0.0%	21.4%	29.4%
Germany	-5.0%	5.3%	5.0%	-14.3%	0.0%	5.6%	10.5%	-4.8%	0.0%	5.0%	23.8%
India	16.7%	14.3%	12.5%	11.1%	13.9%	10.6%	12.0%	8.4%	-1.7%	17.1%	16.3%



Source: World Bank, RBI, Technopak Research & Analysis
 * For India, CY 12 refers to FY 13 and so on, India Data in FY. 1USD = INR 80

Over the years, the growth rate of Total Private Final Consumption of India has always been the highest as compared to the other top economies in the world.

Exhibit 1.9: Total Private Final Consumption Expenditure of India (Current Prices USD Tn) (FY)

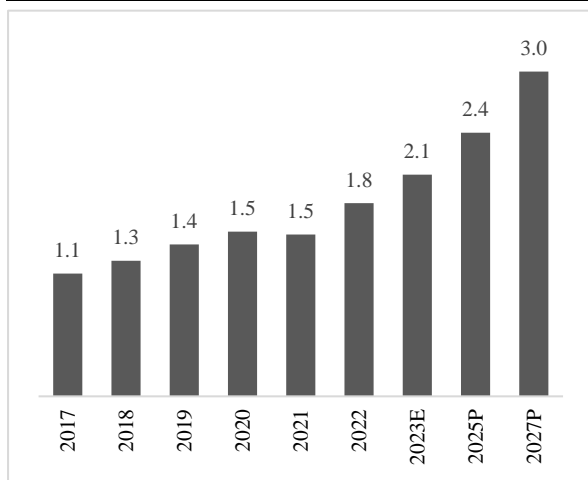


Exhibit 1.10: Private Final Consumption Expenditure y-o-y growth rate of India (%)



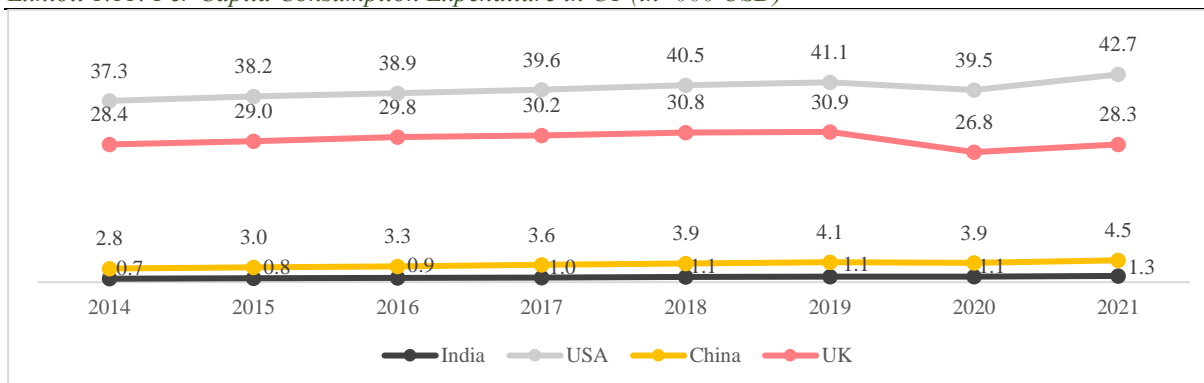
Source: RBI, Technopak Research & Analysis

PFCE in India has exhibited varying y-o-y growth rates over the past few years. During FY 18 and FY 19, the PFCE grew by 10.6% and 12.0% respectively, indicating a robust expansion in consumer spending and a sustained momentum in private consumption. However, FY 21 witnessed a significant contraction in PFCE growth, with a y-o-y rate of -1.7% caused by the COVID-19 pandemic. Data for FY 22 shows a substantial rebound with a growth rate of 17.1%, reflecting the anticipated revival in consumer demand as the economy recovers from the pandemic-induced downturn. With a projected growth rates of 10.5% in FY 25 and 11.5% in FY 27, it is forecasted to have a sustained positive trajectory for PFCE growth rate in India.

Per Capita Final Consumption Expenditure

The Per Capita Final Consumption Expenditure showed a significant growth pre COVID. In FY 20, the average Per Capita Final Consumption expenditure was valued to be around USD 1,141, a steep increase from USD 715 in FY 15. Due to the emergence of COVID-19 in FY 20, there was an approximately 3% drop in the Per Capita Final Consumption Expenditure, to USD 1,110 but it recovered at a rate of 16% to reach USD 1,287 in FY 22.

Exhibit 1.11: Per Capita Consumption Expenditure in CY (in '000 USD)



Source: RBI, World Bank, Note: Per capita consumption for countries other than India include per capita final consumption expenditure for NPISHs and households

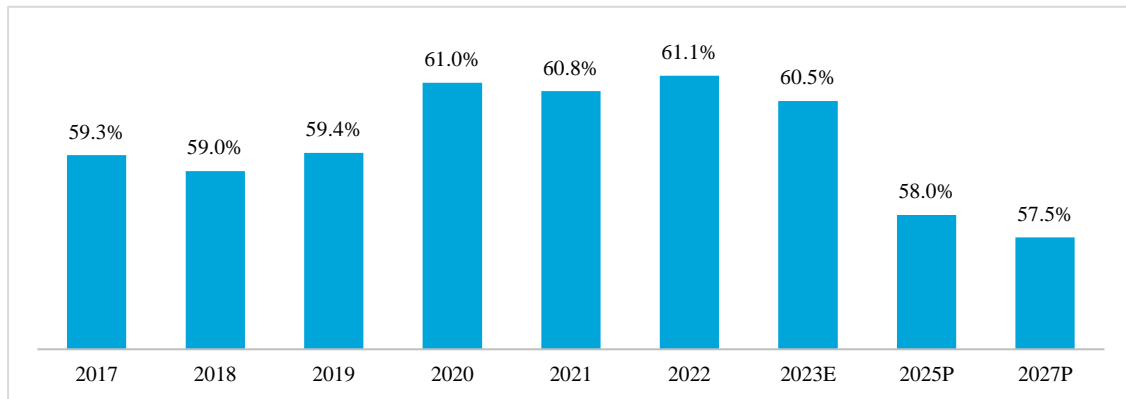
Note: India's per capita consumption is at current prices while for other countries, it is at constant 2015 USD prices.

Note: CY 2014 represents FY 2015 and so on for India.

1USD = INR 80

Private Final Consumption Expenditure to India's GDP

Exhibit 1.12: Share of private final consumption expenditure to India's GDP (in %) (FY)



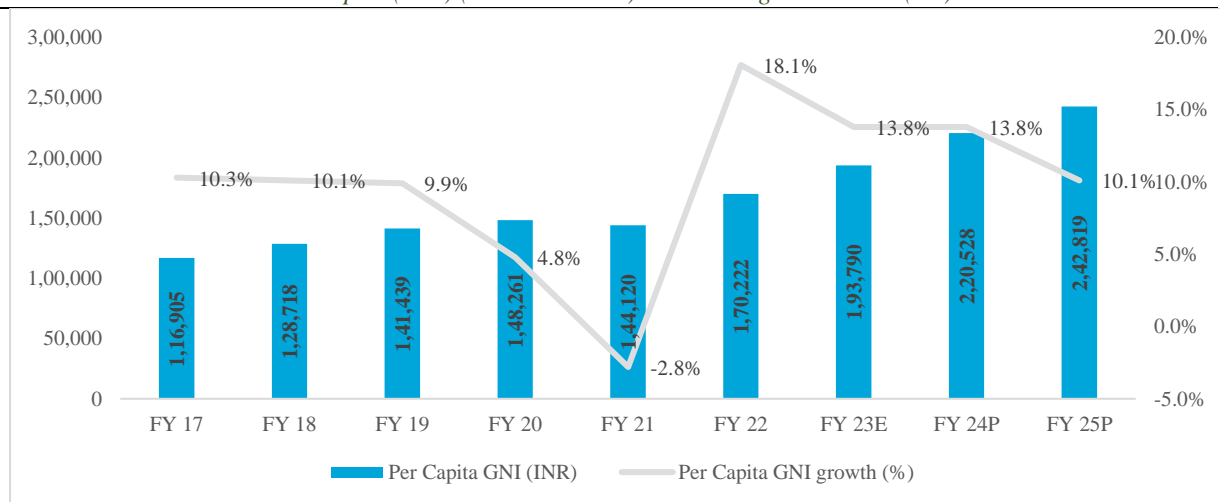
Source: Ministry of Statistics and Program Implementation

A high share of private final consumption expenditure to GDP indicates that the economy is driven by consumer spending, which can be a positive sign for economic growth. However, if the share of private consumption expenditure is too high, it can lead to inflationary pressures and an unsustainable economy. India's share of private final consumption expenditure to GDP has increased over the years and has recorded 61.12% in FY 22 from 59.34% in FY 17. As per Ministry of Statistics and Program Implementation report, the share of India's PFCE to GDP will account for approximately 60.55% in FY 23.

1.4 Per Capita Income Growth

Income growth, presented by the GNI (Gross National Income) which is defined as the total amount of money earned by a country's businesses and individuals. India's gross national income growth with a CAGR of ~8% for the period FY 17 to FY 22 and is expected to continue the growth momentum with a CAGR of 12.6% from FY 22 to FY 25. Growing GNI is one of the strongest drivers for higher private consumption trends. The GNI per capita for the top five economies of the world such as the USA (USD 76,370), China (USD 12,850), Japan (USD 42,440), Germany (USD 53,390) and the UK (USD 48,890) is higher for CY 22 than that of India's GNI of USD 2,422 (INR 1,93,790) for a similar period of FY 23.

Exhibit 1.13: India's GNI Per Capita (INR) (Current Prices) and Y-o-Y growth trend (FY)



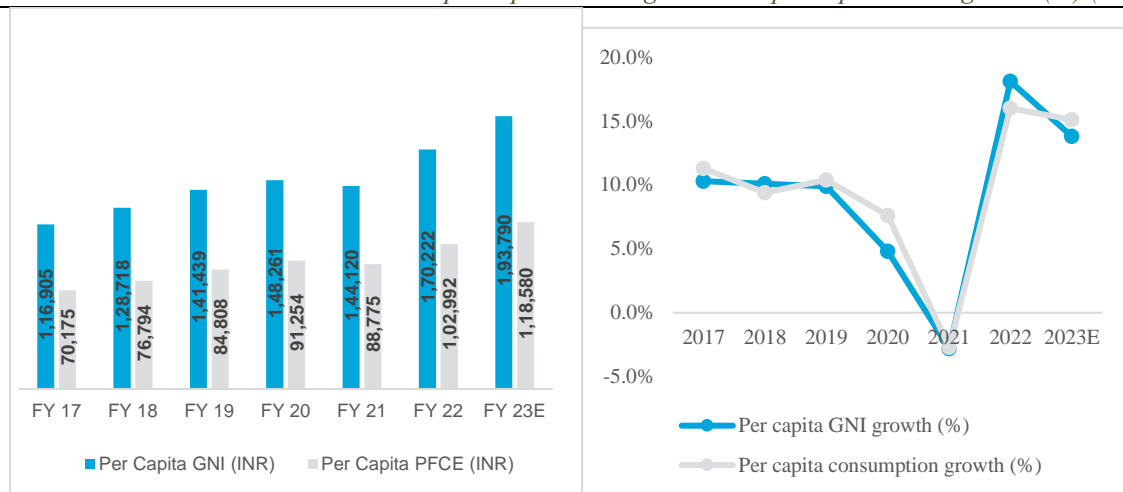
Source: Ministry of Statistics and Program Implementation

Correlation between India's Per Capita income growth to per capita consumption growth

In recent years, India has experienced a significant economic growth, with per capita income increasing from INR 1.16 lakhs in FY 17 to INR 1.70 lakhs in FY 22 and is expected to have reached INR 1.93 lakhs during FY 23. During this period, there has also been a corresponding increase in per capita consumption, as people have more money to spend on a variety of goods and services. The per capita PFCE of India increased from INR 0.70 lakhs in

FY 17 to INR 1.02 lakhs in FY 22 and INR 1.18 lakhs in FY23. There is generally a positive correlation between a country's per capita income growth and per capita consumption growth.

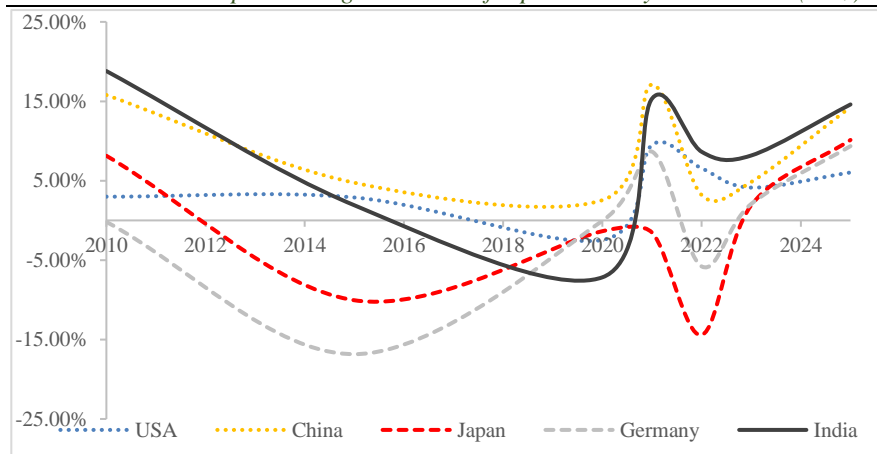
Exhibit 1.14: Correlation between India's per capita income growth and per capita PFCE growth (%) (FY)



Ministry of Statistics and Program Implementation

Source:

Exhibit 1.15: Per Capita GDP growth rate of top 5 economy in the world (US\$)



India's Per Capita GDP has almost doubled from year 2010 to 2023. India's per capita income has grown at a CAGR of 6.50% from the period of CY 15 to CY 22 while the per capita GDP for other developed and developing countries such as US, China, Japan and Germany grew at the CAGR of 4.10%, 7.12%, -0.25% and 2.36% respectively over a similar time period of CY 15 to CY 22.

	2010	2015	2020	2021	2022	2023P	2025P
USA	3.0%	2.9%	-2.5%	9.5%	6.6%	4.1%	6.0%
China	15.8%	4.7%	2.6%	17.1%	3.2%	4.8%	14.3%
Japan	8.1%	-10.1%	-1.4%	-1.5%	-14.4%	1.9%	10.1%
Germany	-0.2%	-16.8%	0.0%	8.7%	-5.8%	2.1%	9.4%
India	18.8%	1.9%	-7.2%	15.3%	8.6%	8.2%	14.6%

Source: IMF Projection

1.5 Sectorial share of Gross value added (GVA)

GVA is the measure of the total value of products and services produced in an economy. GVA is the output produced after deducting the intermediate value of consumption for the product or services. During FY 23, the services sector is estimated for 61.5% of total India's GVA of INR 247.4 lakh crore. With GVA of Rs. 49.6 lakh crore, the industry sector is estimated to contribute 20.0%, while Agriculture and allied sector share 18.4%.

Exhibit 1.16: Sectorial share of GVA at Basic Prices (Base Year: 2011-12) Current Prices (INR Lakh Crore) (FY)

Items/Year	FY 17	Share in %	FY 18	Share in %	FY 19	Share in %	FY 20	Share in %	FY 21	Share in %	FY 22	Share in %	FY 23E	Share in %
Agriculture, Forestry and Fishing	25.2	18.0%	28.3	18.3%	30.3	17.6%	33.6	18.3%	36.1	20.0%	39.8	18.6%	45.5	18.4%

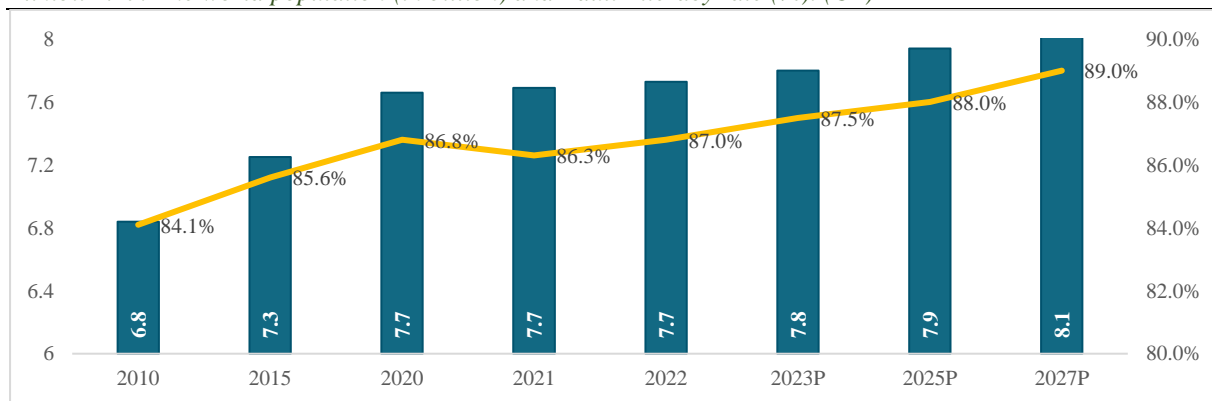
Industry	30.2	21.6%	33.3	21.5%	36.4	21.2%	35.6	19.4%	35.4	19.6%	44.1	20.6%	49.6	20.0%
Mining & Quarrying	3.3	2.3%	3.4	2.2%	3.8	2.2%	3.6	2.0%	3.2	1.8%	5.1	2.4%	5.8	2.3%
Manufacturing	23.3	16.7%	25.7	16.6%	28.1	16.4%	27.0	14.7%	27.1	15.0%	33.1	15.5%	36.3	14.7%
Electricity, Gas, Water Supply & Other Utility Services	3.6	2.5%	4.3	2.7%	4.5	2.6%	5.0	2.7%	5.1	2.8%	5.9	2.7%	7.4	3.0%
Services	84.3	60.4%	93.5	60.3%	105.1	61.2%	114.3	62.3%	109.1	60.4%	129.6	60.7%	152.2	61.5%
Construction	10.8	7.7%	12.0	7.7%	13.5	7.9%	13.7	7.5%	13.2	7.3%	17.2	8.1%	20.2	8.2%
Trade, Hotels, Transport, Communication and Services Related to Broadcasting	25.4	18.2%	28.8	18.6%	32.0	18.6%	34.8	19.0%	28.7	15.9%	35.3	16.5%	44.5	18.0%
Financial, Real Estate & Professional Services	29.1	20.8%	31.3	20.2%	35.3	20.6%	38.8	21.1%	40.5	22.4%	45.4	21.3%	53.0	21.4%
Public Administration, Defence and Other Services	19.0	13.6%	21.4	13.8%	24.2	14.1%	27.0	14.7%	26.8	14.8%	31.7	14.9%	34.5	13.9%
GVA at Basic Prices	139.7		155.1		171.8		183.6		180.6		213.5		247.4	

Source: RBI data

1.6 Macro-Economic and Overview – Literacy Rate

Literacy rate determines the percentage of the population capable of reading and writing. Literacy is a key element for the economic development of a nation.

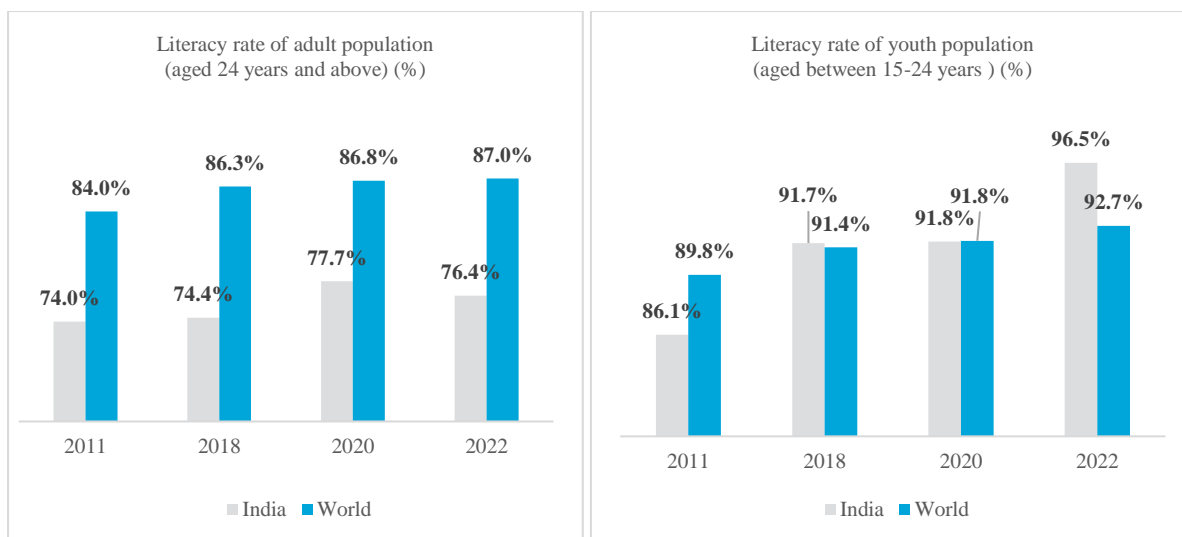
Exhibit 1.17: The world population (in billion) and Adult Literacy rate (%). (CY)



Source: IMF projections

The global adult literacy rate, with people aged 24 years and above, is recorded at 87.0% in year CY 22; steering a minor increase from 86.8% in CY 20. Further, it is expected that the global adult literacy rate would reach 89% by CY 27. The global youth literacy rate with people aged 15 years to 24 years, is recorded at 92.7% in CY 22. Youth literacy rates are generally higher than the adult literacy rates, reflecting increased access to schools for younger generations.

Exhibit 1.18: Literacy rate of India and the World (CY) (adult population & youth population)



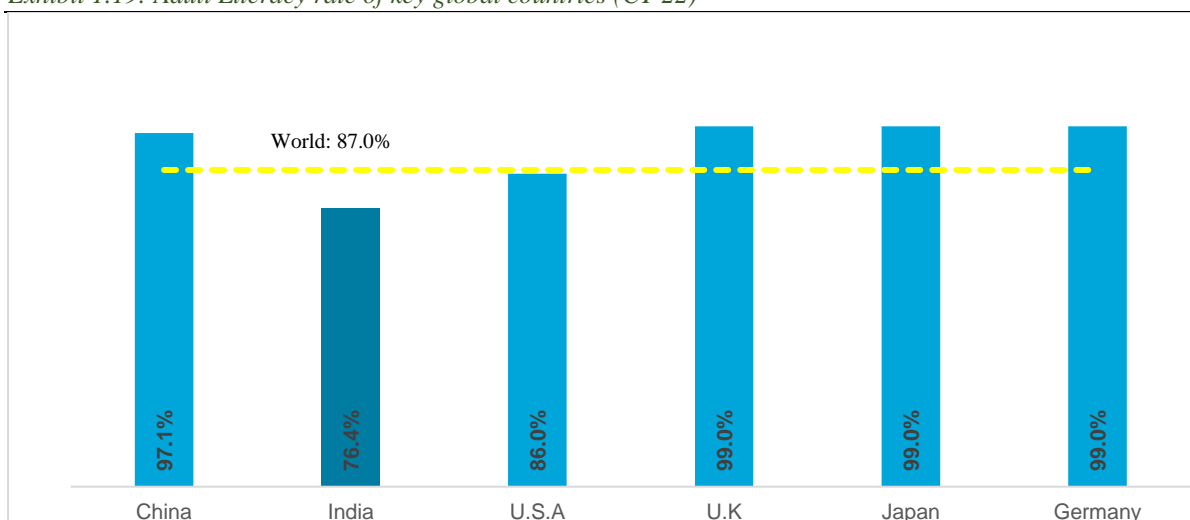
Source: World Bank data, Secondary research

India has made significant progress in improving its literacy rate over the years. The adult literacy rate in India is reported at 76.4% in year CY 22 as compared to 74.0% in CY 11. The youth literacy rate in India is reported at 96.5% in year CY 22 as compared to 86.1% in CY 11.

The adult population literacy rate for the major economy of the world is depicted in the below table. Countries like China, Japan, United Kingdom, and Germany have higher percentage of adult population literacy rate as compared to the global average literacy rate of the adult population of 87.0% in CY 22.

Although India has made significant progress in improving its literacy rate over the years, there is still potential to grow the literacy rate of the nation. The Indian government has implemented several initiatives to increase the literacy rate, such as Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan, National Literacy Mission, Mid-day Meal Scheme etc. This initiative has helped India to increase the literacy rate from approximately 52% in 1991 to 76.4% in FY 23. However, there is still a long way to go to achieve the global average literacy rate.

Exhibit 1.19: Adult Literacy rate of key global countries (CY 22)

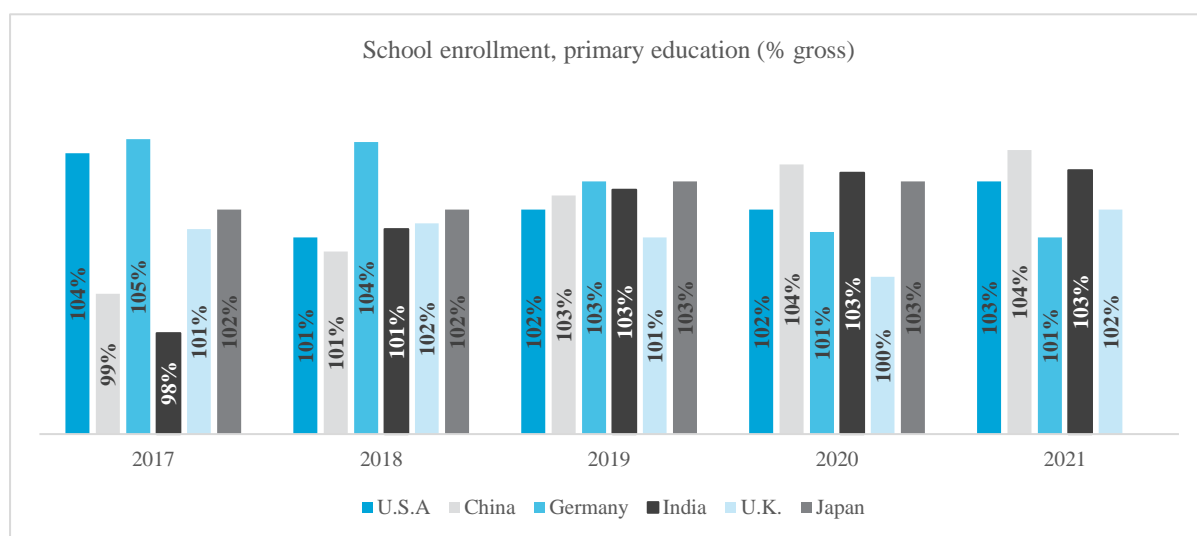


1.7 Macro-Economic and Overview – Gross Enrolment Ratio of key global countries – across level of education (Primary Education (Class 1st to 5th); Upper Primary Education (Class 6th to 8th); Secondary Education (Class 9th & 10th) and Secondary Education (Class 11th & 12th)

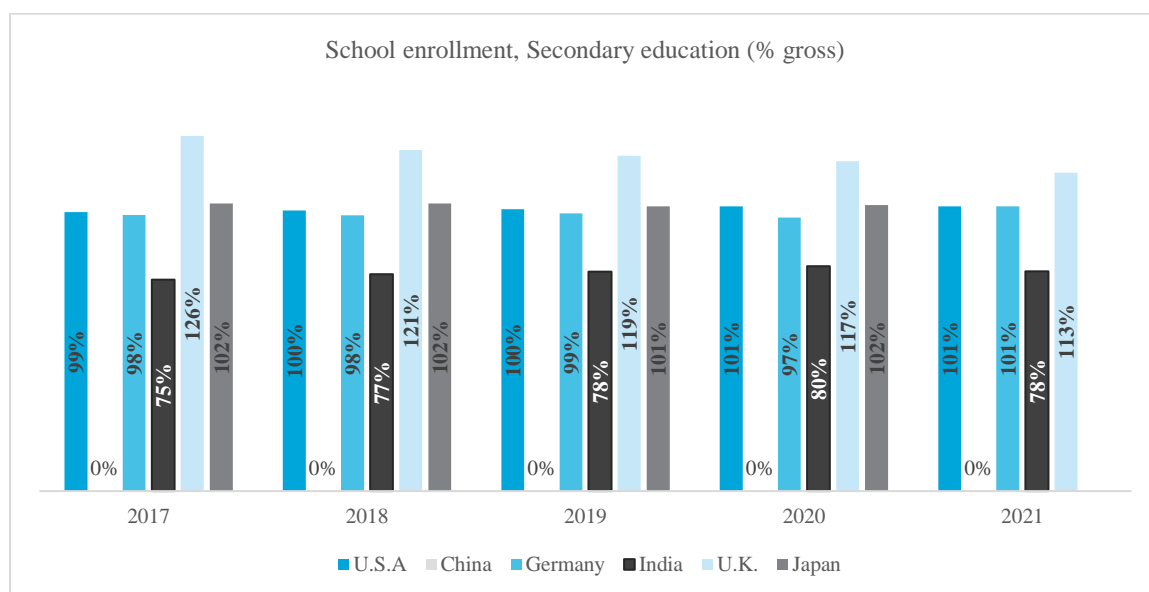
Gross Enrolment Ratio (GER) is an important tool for policymakers and educators, as it provides valuable information on access to education and helps to identify areas where improvements are needed. GER is a measure in education that calculates the percentage of students enrolled in a particular level of education (irrespective of age) compared to the total population of that age group.

India’s GER for primary school education has grown from 98% to 103% between FY 18 and FY 22. Among the major economies of the world, the GER for China and India has shown growth between CY 17 to CY 21, whereas the GER of countries like USA and Germany has dropped from 104% to 103%, 105% to 101% for the respective countries.

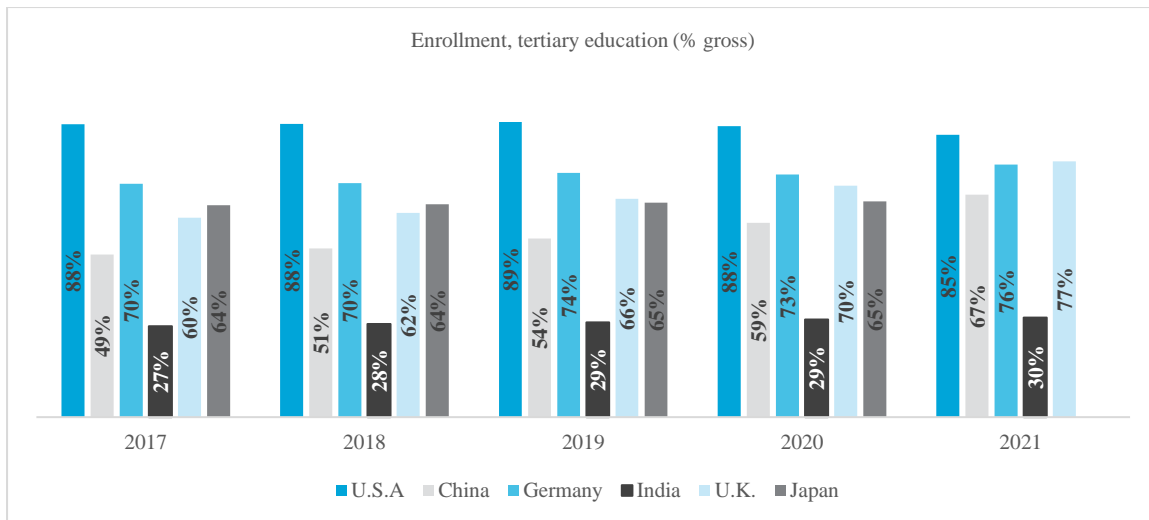
Exhibit 1.20: GER of key global countries (CY)



Source: World Bank Data, AISHE Reports, For CY 2021, Data for Japan is not available



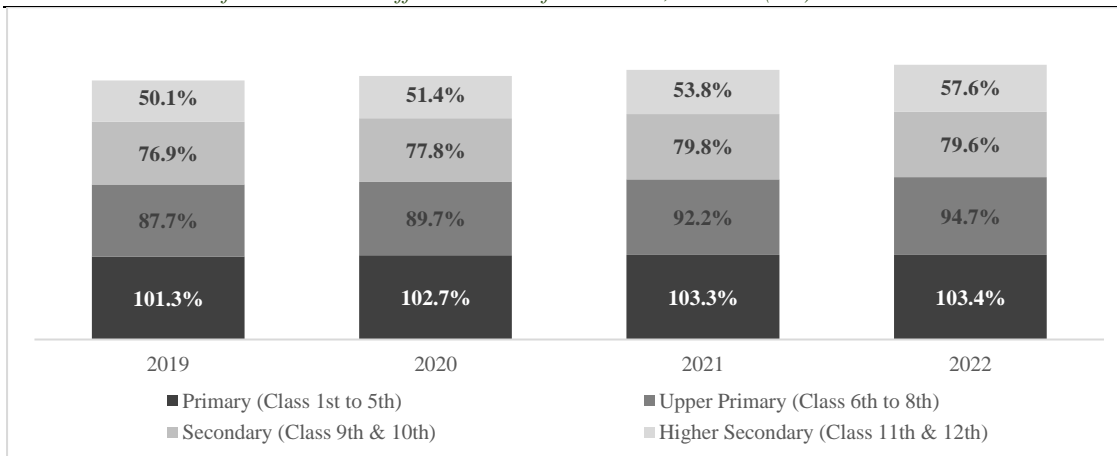
Source: World Bank Data, AISHE Reports, Data for China is not available, and Data for Japan is not available for CY 2021.



Source: World Bank Data, For CY 2021 Data for Japan is not available

Between the period of FY 18 to FY 22, a notable increase of 3% in GER has been recorded in the tertiary education level in India. The growth in GER has been a reflection of various education schemes being run by the Government of India to increase the education level and students' enrolment in the country. Hence, with the rise in the education level and increasing GER, other sectors such as school stationery, paper industry etc. are expected to grow in the coming years.

Exhibit 1.21: GER of India across different level of education, schools (FY)



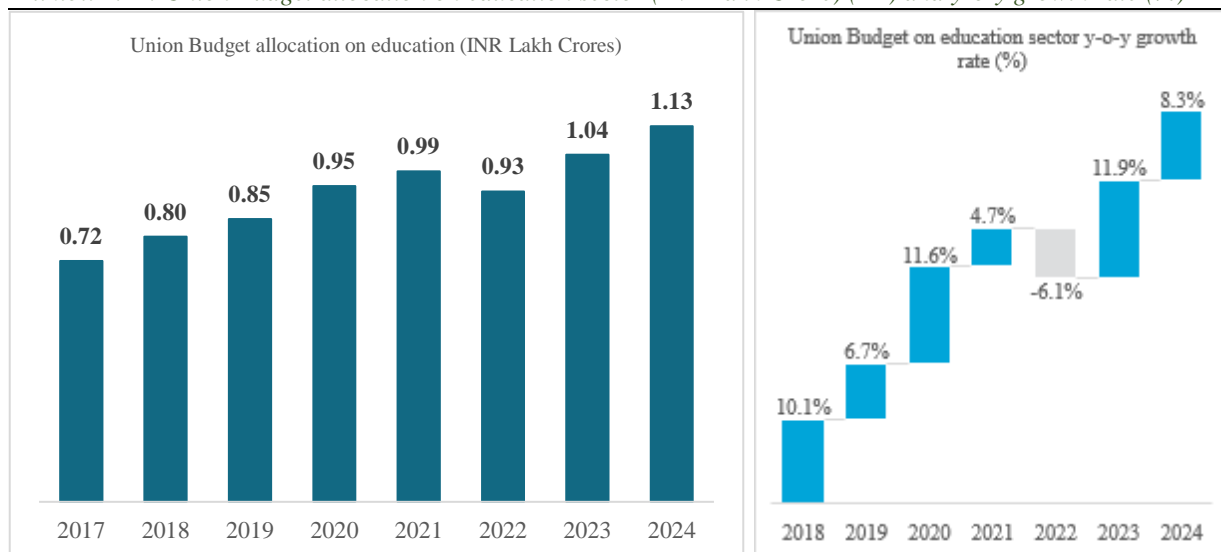
Source: UDISE+ Reports

1.8 Budgetary allocation and actual Government spend towards education.

The Government of India has allocated a budget of INR 1.13 lakhs crores for the FY 24, for the education sector in India, which has increased by 8.3% compared to the previous year. The allocation for school education has

increased by 8% from INR 63,449 crore in FY 23 to INR 68,804 crore in FY 24. Further, INR 44,094.62 crore have been allocated for higher education sector in FY 24, has increased of 7.9% from INR 40,828 crore in FY 23.

Exhibit 1.22: Union Budget allocation on education sector (INR Lakh Crore) (FY) and y-o-y growth rate (%)



Source: Union Budget data, India

The percentage of education expenditure of GDP is a measure of people's income being committed to the development of education in the country. The pandemic has mandated additional expenditure on the educational sector in the country. According to the Economic survey of India report FY 23, the total education outlay including both the central and state level expenditures, added up to 2.9% of the country's GDP, which has remained constant over the past few years. However, the National Education Policy, 2020 desired for public expenditure on education to reach 6% of the country's GDP and hence, there is a need for scalable investment opportunities as quality access to education is not consistent throughout the country due to inadequate infrastructure and overwhelming demand.

Government Initiatives on Education Sector

The Government of India has implemented several schemes to increase the education level in the country. Some of the prominent ones are:

- **Samagra Shiksha Scheme:** The scheme is an overarching programme for the school education sector extending from pre-school to class 12. It has been prepared with the broader goal of improving school effectiveness measured in terms of equal opportunities for schooling and equitable learning outcomes. Under this scheme, GOI has approved a financial outlay of Rs 2,94,283 crores from FY 22 to FY 27. The Samagra Shiksha Scheme subsumed three erstwhile Schemes of Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha Abhiyan and Teacher Education.
 - **The Sarva Shiksha Abhiyan** is a flagship program of the government aimed at providing universal access to education for children aged 6 to 14 years. The program focuses on the provision of quality education, infrastructure development, and teacher training.
 - **The Rashtriya Madhyamik Shiksha Abhiyan** is a centrally sponsored scheme that aims to increase access to secondary education and improve its quality. The program provides financial assistance to states for the opening of new schools, construction of school buildings, and appointment of additional teachers.
- **Pradhan Mantri Poshan Shakti Nirman Scheme (PM POSHAN):** Earlier known as the Mid-day Meal Scheme, PM POSHAN is an initiative designed to enhance the enrolment, retention and attendance and simultaneously improve nutritional levels among school going children studying in Classes I to VIII. The PM POSHAN scheme covers 12 crore children in India and is considered to be one of the world's largest school meal programs. Under this scheme, the GOI had allocated a financial outlay of Rs 12,800 crores for FY 23 and Rs 11,600 crores for FY 24. Out of the FY 23 allocated budget, Rs 12,681.03 crore (~99% of total funds earmarked) had been released by the government and for FY 24 Rs 1,333.48 crores has been released till date.

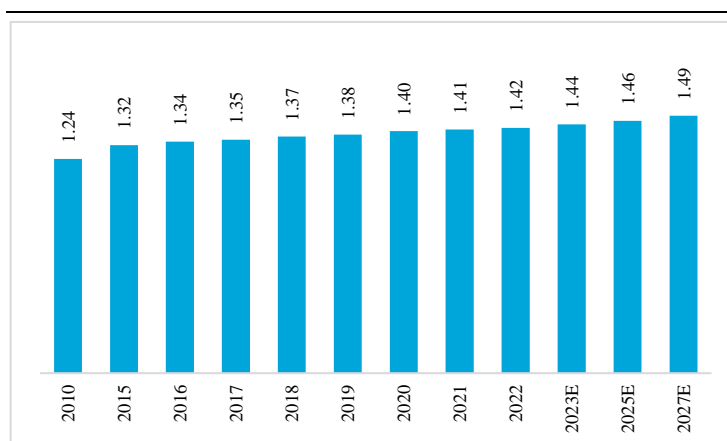
- **National Education Policy 2020:** This policy aims at reforming Indian education system by ensuring universal access of world-class education at all levels of schooling from pre-primary school to Grade 12, by ensuring quality early childhood care and education for all children between 3-6 years etc.
- **National Scholarship Portal (NSP):** The NSP is a digital scholarship platform that offers financial assistance to students from economically weaker sections. The scheme covers various scholarships offered by the central and state governments.
- **Beti Bachao Beti Padhao (BBBP):** The BBBP scheme was launched in 2015 with the objective of improving the sex ratio and promoting the education of girls. The scheme focuses on preventing female foeticide, promoting girl child education, and creating awareness about the rights of the girl child. The GOI has approved a financial outlay of Rs. 1,270 crores from FY 15 to FY 23. Over the past nine years the ministry has spent 60% of the total budget allocated for the scheme.
- **Digital India:** Digital India is an ambitious program aimed at transforming India into a digitally empowered society and knowledge economy. The program includes several initiatives to promote digital literacy and provide access to digital resources to students and teachers.

Demographic Profile of India

1. Indian Population

India's population has been steadily growing over the years. In CY 10, the population stood at 1.2 billion, which reached 1.42 billion in CY 22. India has surpassed China's population in April 2023, thus making the most populous country in the world. Further projections suggest that India's population will continue to increase, reaching 1.46 billion by CY 25 and further rising to 1.49 billion in CY 27.

Exhibit 1.23: Population of India (in billion) (CY)

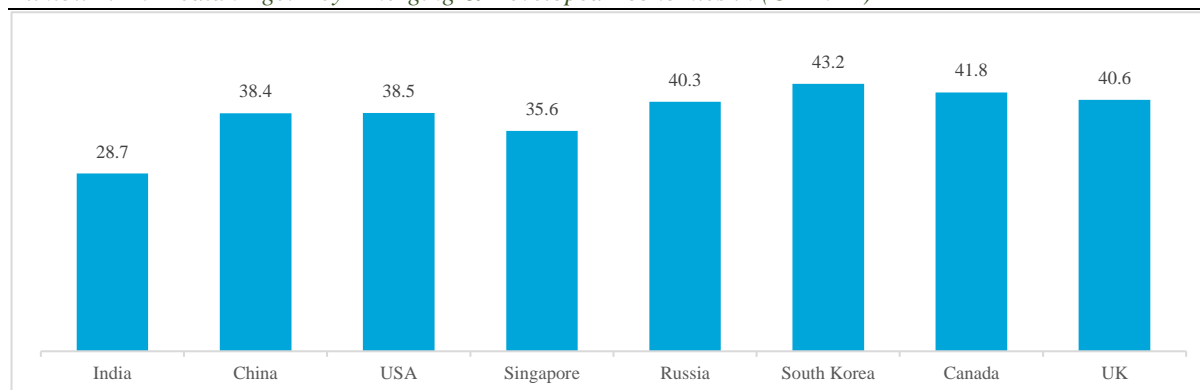


Source: IMF Projection

2. Age wise Population

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.7 years for FY 2023 as compared to 38.5 years and 38.1 years in the United States and China, respectively, and is expected to remain under 30 years until 2030.

Exhibit 1.24: Median Age: Key Emerging & Developed Economies in (CY 2022)



Source: World Population Review, Secondary research

More than 80% of India’s population falls below 50 years age bracket.

As of April 2023, India is the most populated country in the world, home to 1.42 billion people which is about one sixth of the world’s population. More than 54% of the total population is between the age group of 15 to 49 years while 80% of the population is below 50 years old. This indicates that India’s school going children, youth and working age population contribute to the positive demographics. The demand for stationery items is significantly impacted by this population. Approximately one fourth of the country’s population is comprised of the age group below 15 years of age which comprise of the school going children.

Exhibit 1.25: India’s population distribution, by age (%) (FY 2023)

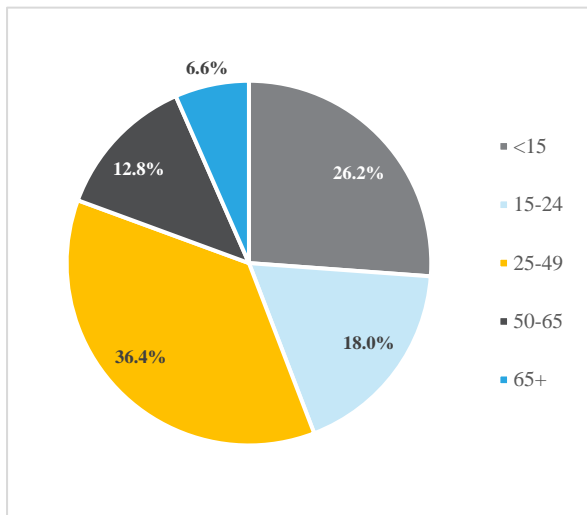
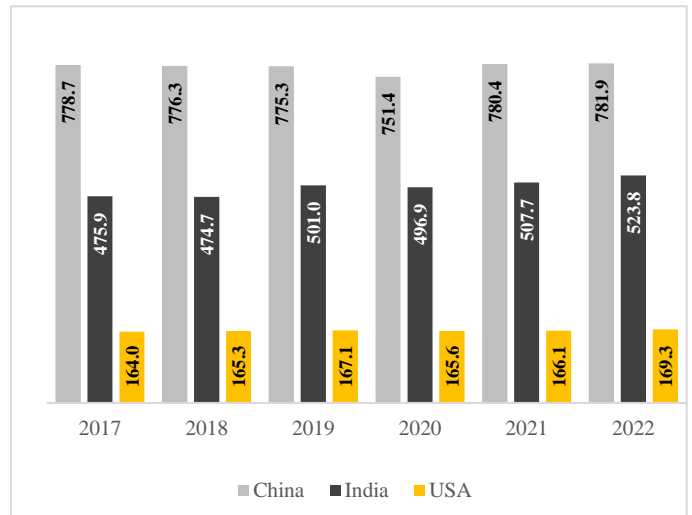


Exhibit 1.26: Working population in China, India and U.S.A (in millions) (CY)



SOURCE: SECONDARY RESEARCH, CENSUS OF INDIA 2011, WORLD BANK, MOSPI

1.9 Number of schools and higher educational institutes – historical and outlook

The education system in India is one among the largest compared to other countries in the world. This sector in India is expected to reach at INR 25 trillion by FY 28 from INR ~14 trillion in FY 2023, thus growing at a CAGR of 11.4 % during the forecasted period.

India To Become INR 25 trillion Education Market By 2028

Education has been an important factor in the economic development of a nation. The government runs many programs to promote the education sector in India. With the rising demand for education in India, there has been a tremendous growth in the number of schools, colleges, and other educational institute over the years India.

As per the All-India Survey on Higher Education Report, the number of universities listed has increased from 864 in FY17 to 1,216 in FY23, as per the University Grant Commission data. The number of colleges has increased from 40,026 in FY17 to 43,796 in FY 21 and is expected to reach approximately 49,131 in FY 23.

During FY22, the total number of schools in India were approximately 14.89 lakh, as compared to 15.09 lakhs in FY21. This decrease can be attributed to various factors, including the impact of the pandemic, which led to the closure of educational institutions during the nationwide lockdown. Additionally, the grouping of government schools by various states has contributed to the recent drop in the number of schools. This step allows for better coordination, efficient resource allocation, and improved administrative support, leading to enhanced educational outcomes across the country.

Furthermore, the scheme of PM SHRI schools (PM Schools for Rising India) is to be implemented as a Centrally Sponsored Scheme with a total project cost of Rs. 27,360 crores for the period of five years from FY 23 to FY 27. Under the scheme, more than 14,500 schools across the country are to be developed with upgraded infrastructure, innovative pedagogy, and technology.

Exhibit 1.27: Number of universities in India (FY)

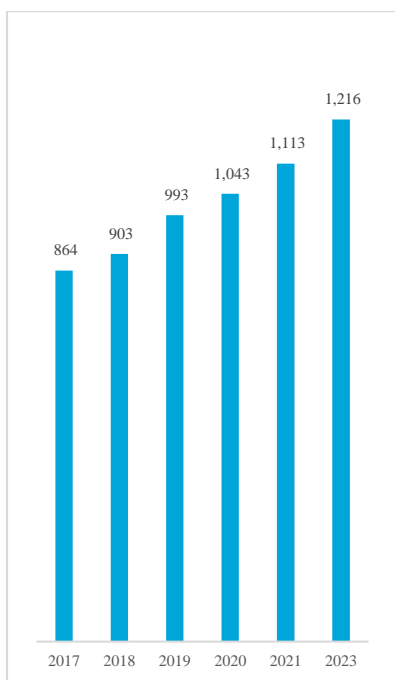


Exhibit 1.28: Number of colleges in India (FY)

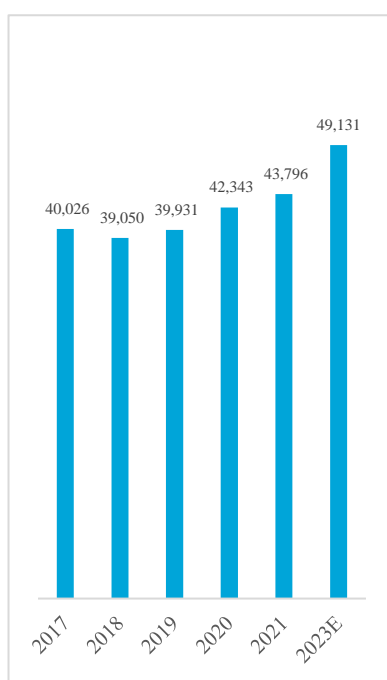
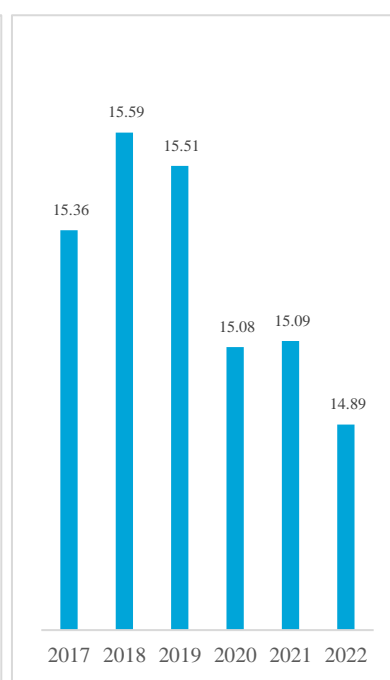


Exhibit 1.29: Number of schools in India (in Lakhs) (FY)



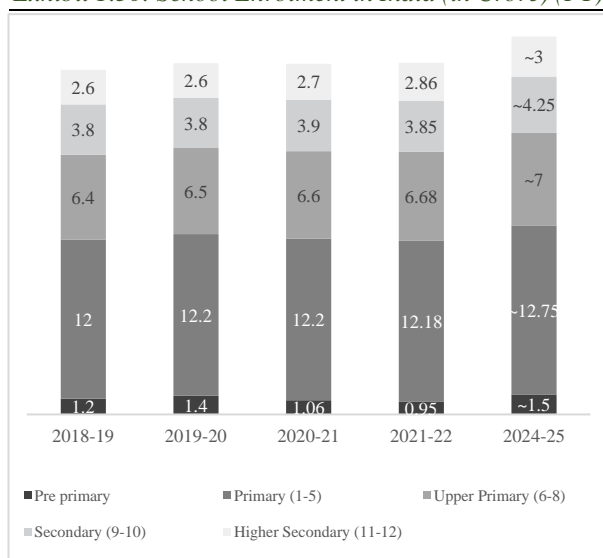
Source: All India Survey on Higher Education Report, UDISE+ Report, UGC, Ministry of Education,

1.10 Number of Students –

Across level of education

The total annual student enrollment in higher education has grown considerably from 3.57 crores in FY 17 to 4.13 in FY 21 and has grown approximately at a CAGR of ~4% during the period. The total number of student enrollment in schools has been constant over the years. Enrolment in colleges and universities across different levels of education except M.Phil. and Certificate has shown a growth over the years.

Exhibit 1.30: School Enrolment in India (in Crore) (FY)

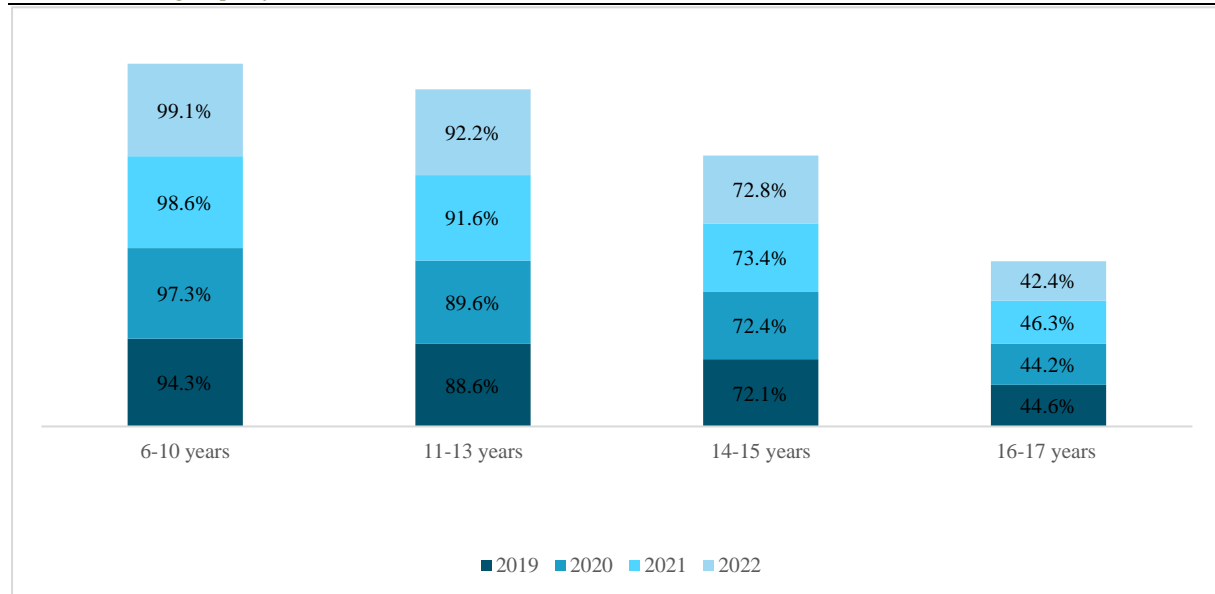


Source: UDISE+, Ministry of Education, GOI, Technopak estimates

Exhibit 1.31: College/ Universities enrolment, in Lakhs (FY)

College/University Enrolment (In Lakhs)	2018-19	2019-20	2020-21	2021-22	2024-25	CAGR (FY 2019-22)
Ph.D.	1.69	2.03	2.12	2.29	~3.5	10.7%
M.Phil.	0.31	0.24	0.17	0.15	~0.5	-21.1%
Post-Graduate	40.43	43.13	47.17	45.74	~52	4.2%
Under-Graduate	298.3	306.5	326.6	331.7	~370	3.6%
PG Diploma	2.25	2.17	2.57	2.59	~3	4.8%
Diploma	26.99	26.73	29.79	29.75	~33	3.3%
Certificate	1.63	1.60	1.56	1.55	~2	-1.6%
Integrated	2.41	3.00	3.86	4.38	~8	22%

Exhibit 1.32: Age-Specific Enrolment Rate (%) in India



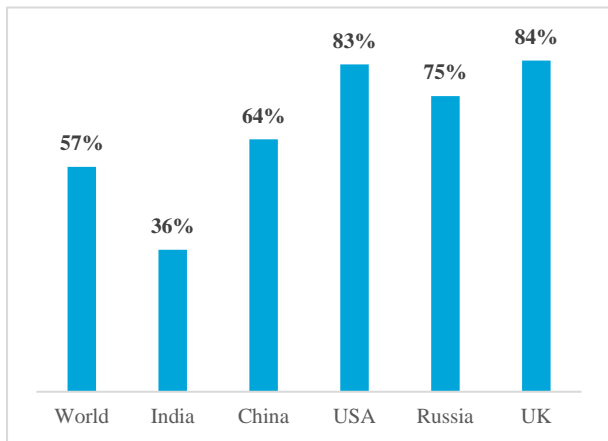
Source: UDISE+ report

1.11 Key Characteristics of the Indian Economy

a) Urbanization

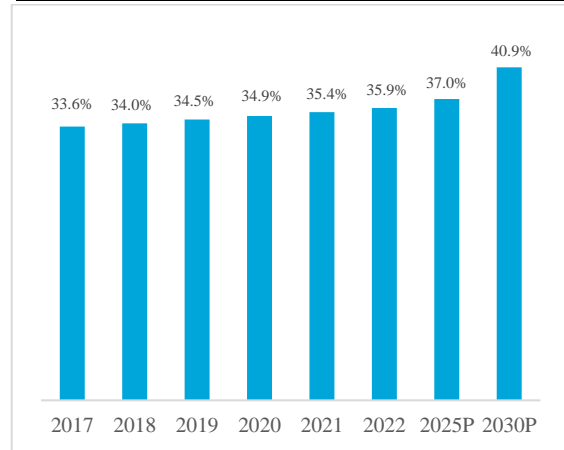
Urbanization is one of the most important pillars of India's growth story as these areas are the core drivers for consumption. India had the second largest urban population in the world in absolute terms at 508 Mn in CY 22, second only to China. However, only 36% of India's population is classified as urban compared to a global average of ~57%. However, it is the pace of India's urbanization that is a key trend fueling India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (541 Mn) of India's population will be living in urban centers by FY 25 and is expected to contribute 75% of India's GDP in FY 25. This trend is expected to continue with approximately 41% and 50% of India's population expected to be living in urban centers by FY 30 and FY 50 respectively. India is the second largest urban system in the world with ~11% of the total global urban population living in its cities.

Exhibit 1.33: Urban Population as Percentage of Total Population of Key Economies (CY 22)



Source: World Bank

Exhibit 1.34: India's increasing urban population as percentage of total population over the years (CY)

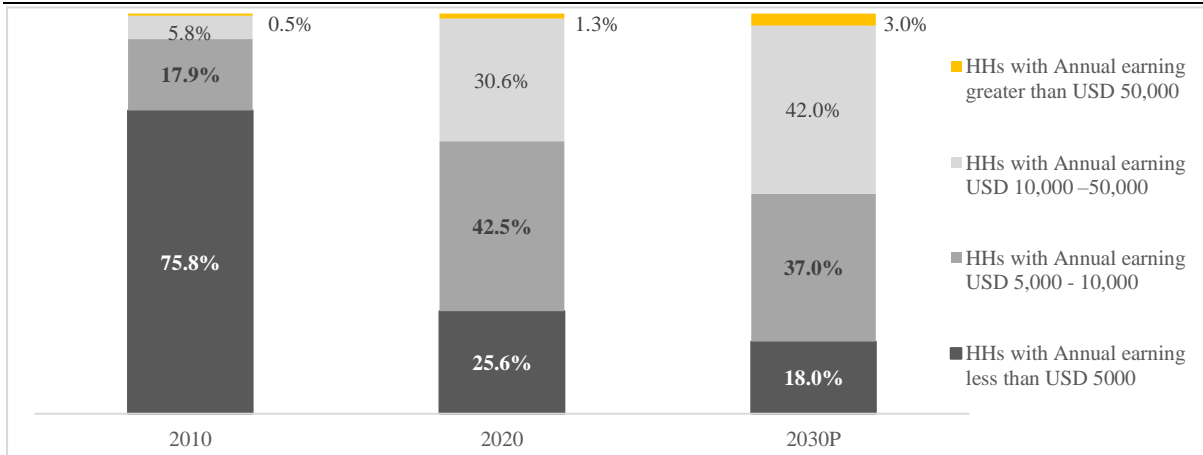


Source: Technopak Analysis

b) Growing Middle Class

Increase in number of households with annual earnings of USD 10,000 to USD 50,000 will drive the Indian economy by demanding more goods, better services, houses, health, education etc. Households with annual income between USD 10,000 and USD 50,000 forms a minor stake of 5.8% of the total population in FY 10. This share has increased to 30.6% in FY 20 and is expected to continue the growth momentum and increase to 42% of the total population by FY 30. With the growing middle-class sector in India comes an increasing appetite for premiumization and overall consumption of goods and services, construction, housing services, financial services, telecommunication, and retail.

Exhibit 1.35: Household Annual Earning Details

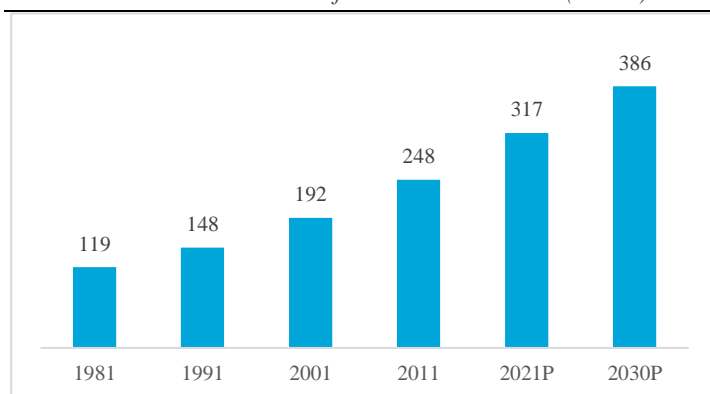


Source: EIU, Technopak Estimates

c) Nuclearization

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. The average household size has reduced from 5.3 in FY 01 to 4.2 in FY 21 and is further projected to reduce to 3.9 by FY 30. 69% of households had less than five members in FY 11 as compared to 62% in FY 01. Growth in the number of nuclear families is leading to an increase in the number of households, thereby creating a strong demand for housing units and discretionary expenditure in India.

Exhibit 1.36: Total number of households in India (In Mn)



Source: Census, Technopak Analysis.

Note: Decadal growth for period 2021-2030P reflects a 9-year period

d) Women Workforce

The share of women workforce in the services sector has increased from 17.5% in CY 2010 to 25.1% in CY 2021. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including an upward trend towards purchase of branded products including fashion and lifestyle.

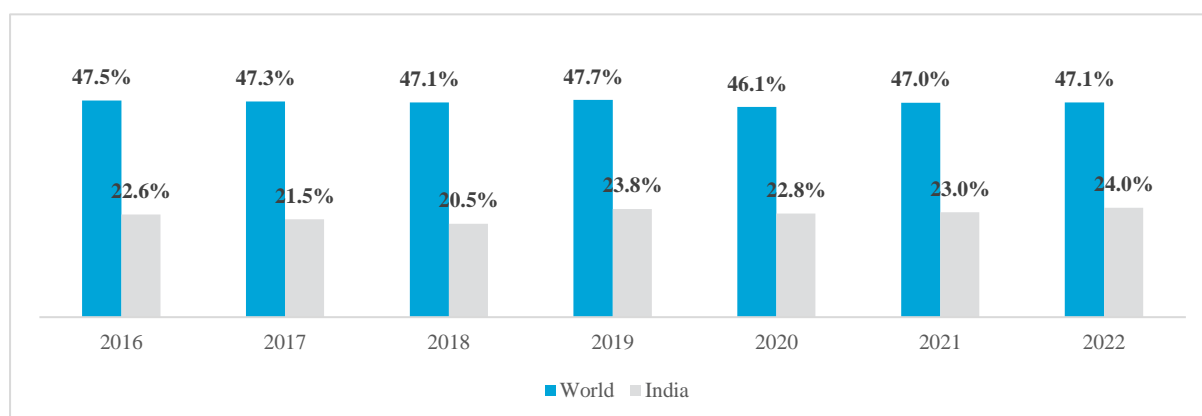
Exhibit 1.37: Sector wise split of female employment (CY)

Sector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture	67.0%	63.6%	60.0%	59.4%	58.7%	57.9%	57.2%	56.4%	55.5%	54.7%	53.6%	58.2%
Industry	15.5%	17.1%	18.8%	18.4%	18.2%	18.0%	17.7%	17.5%	17.3%	17.4%	17.9%	16.6%
Services	17.5%	19.3%	21.3%	22.2%	23.2%	24.1%	25.1%	26.1%	27.2%	28.0%	25.7%	25.1%

Source: World Bank Data

Exhibit 1.38: Labor workforce participation rate, world & India (% of female population 15+ years age) (CY)

As per the World Bank report, the percentage of Indian women labor force above 15 years of age has observed a slight increase from 22.6% in the year 2016 to 24.0% in 2022. With the increase in the percentage of women participating in the workforce, it can lead to increased household income and economic growth overall. With greater financial resources, families may be more likely to spend money on higher quality goods and services, such as education, healthcare, and childcare. This could have a positive impact on the well-being and development of individuals and communities.



Source: World Bank Data

2. GLOBAL STATIONERY AND ART MATERIALS MARKET

2.1 GLOBAL PERSPECTIVE OF STATIONERY AND ART MATERIALS MARKET

The stationery and art materials industry deals in a wide range of products & categories, comprising paper products, writing instruments, computer stationery, school stationery, office stationery, stationery adhesives and art & craft products among others. The global market was valued at approximately USD 192 billion in CY 22 and expected to reach a market size of USD 220 billion by CY 27, registering CAGR of approximately 2.8% during the forecasted period, as compared to 2.0% from CY 16 to CY 22.

Asia Pacific holds the dominant share of the stationery and art materials product market followed by North America. In the year 2020, Asia and North America combined captured approximately 60% to 62% of the market for stationery products. The market share of these regions has increased over the two years and is estimated to capture approximately three fourth (~75%) of the global stationery and art materials market in the year 2022. The U.S. accounted for approximately one third of global stationery and art materials market size in 2022 and China captured approximately 28% of the global market size for the stationery products. Germany has reported approximately 10% of the global stationery and art materials market share, Japan contributed approximately 7% to the global market followed by India and Canada which constituted approximately 2.4% and approximately 2% of the global stationery and art materials market respectively.

Over the past years, the stationery & art materials market has been shifting towards Asian countries. The region is expected to have the largest contribution to the global stationery and art materials industry by CY 27. Countries like China, Japan, India, South Korea etc. are emerging as key players in the stationery and art materials market in Asia, with a large number of manufacturers, exporters, and suppliers in the region, expecting to contribute over 50% of the global stationery and art materials market by CY 27. This trend is largely due to the rise of Asia as a major economic powerhouse and the growing demand for affordable and high-quality stationery products.

The COVID-19 pandemic has driven the increased need for remote work and online schooling, as a result, the demand for laptops, desktops, tablets, smartphones, and other electronic devices have increased during the period. This increase in digitization has aided in the growth of conventional stationery and art materials industry. With online learning students have access to a wide range of learning resources and tools, students are now spending more time in self-studying, drawing, coloring, and doing other hands-on activities. Therefore, it has also sparked a greater interest in creativity and self-expression, leading to a higher demand for stationery supplies like pen, pencils, notebooks, paints, sketchbooks, markers, brushes etc.

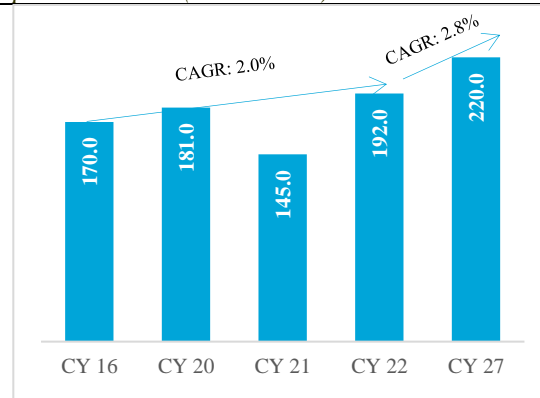
Furthermore, in countries like India, as digitalization is on the rise, conventional stationery continues to play a significant role. While advancements in technology have influenced various aspects of daily life, including communication, education, and work processes, it is important to acknowledge that traditional methods of using physical stationery items such as pens, paper, notebooks, notepads, art & craft products etc. are still widely used and preferred by many individuals, students, businesses, and artists in India. Factors such as accessibility, cultural preferences and affordability contribute to the continued prevalence of conventional stationery in the country.

2.2 BREAK UP INTO PRODUCT CATEGORIES.

The global stationery and art materials market is classified into several categories including scholastic stationery, office stationery, pen & writing instruments, stationery adhesives, scholastic art, fine arts, hobby's & craft, and printing and writing paper stationery.

In CY 22, the Printing and Writing Paper sector dominates the global stationery and art materials market with approximately 33% market share, while the Scholastic Stationery sector follows closely with around 32% share. Moving forward, these two categories are projected to hold an equal share of around 31% each by CY 27. The Pen & Writing Instrument segment, on the other hand, is expected to experience substantial growth, increasing its market share from 9% in CY 22 to 12% by CY 27. The market share for the above categories for CY 22 and the

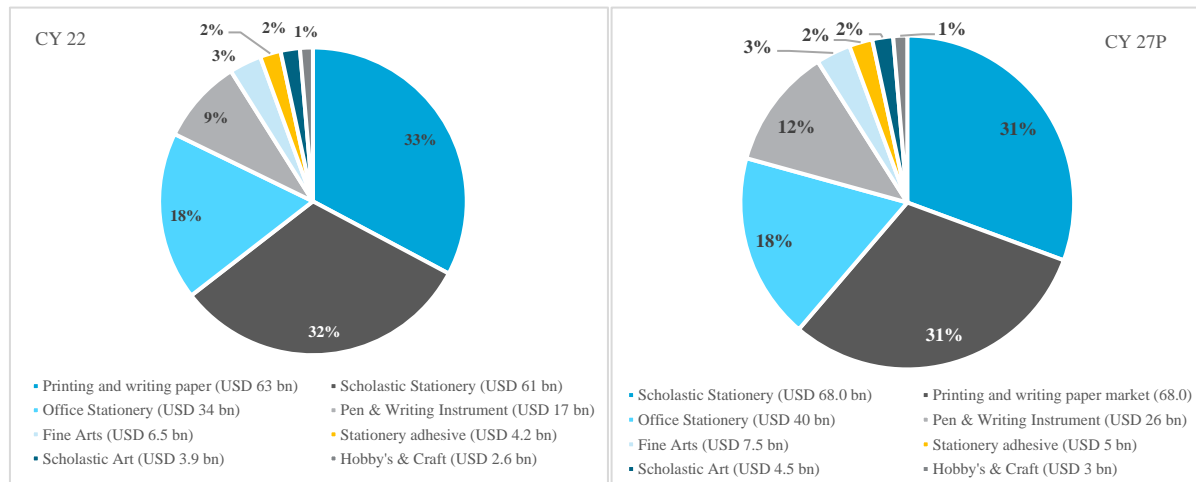
Exhibit 2.1: Global market size for the stationery product market (USD billion)



Source: Technopak Analysis

projected share in CY 27 is presented in the below chart.

Exhibit 2.2: Share of global stationery and art materials market categories (%) in CY 22 and CY 27P



Source: Technopak Analysis

▪ **Scholastic stationery**

School stationery is an integral part of the education system and has been an essential tool for students of all age groups. School stationery items majorly include, erasers, sharpeners, sketch pens, pencil cases, etc.

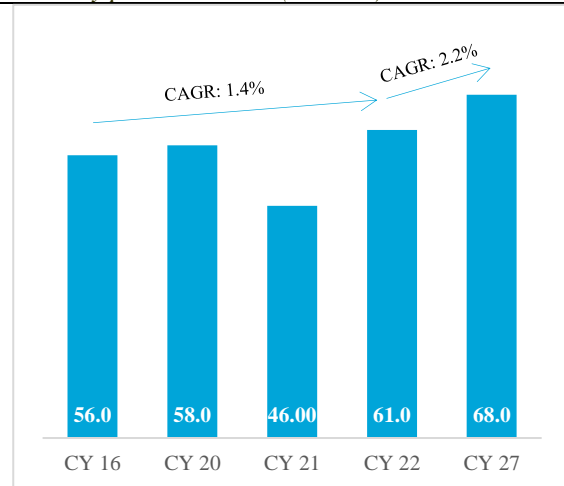
The global school's (scholastic) stationery product market was valued at USD 61 billion in CY 22. The market is expected to grow at a CAGR of 2.2% during the period CY 22 to CY 27 and is expected to reach approximately USD 68 billion by CY 27. The growth of this market can be attributed to factors such as the increasing population, education rate, government policies towards education, and evolving digitalization trends that has aided in the growth of conventional stationery and art materials industry as students are now spending more time in self-studying, drawing, coloring, and doing other hands-on activities.

▪ **Office stationery**

Office stationery products are stationery products that are primarily used in the workplace to carry out or perform regular day to day activities. It comprises of everyday consumable items such as staplers, punching machine, sticky notes, paper clips, pen cups, notepads etc. The driving factors for the growth of the office stationery market majorly includes the increase in number of corporate offices across the globe, and increase in working population, especially in the developing nations like India.

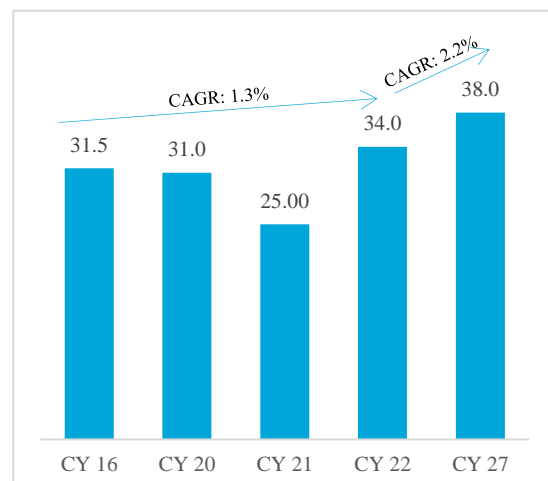
However, with the market scenario gradually stabilizing post COVID, the office stationery market is projected to witness a consistent growth in the near future. The global office stationery product market was valued at USD 34 billion in CY 22 and expected to reach USD 38 billion by

Exhibit 2.3: Market size for the global school stationery product market (USD bn)



Source: Technopak Analysis

Exhibit 2.4: Market size for the global office stationery product market (USD bn)

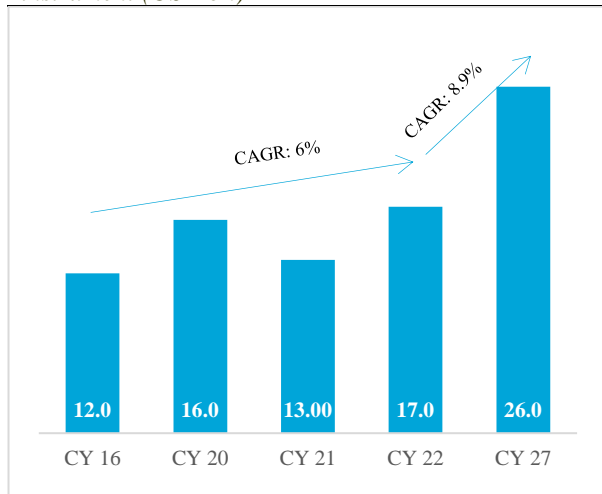


Source: Technopak Analysis

CY 27, thus growing at a CAGR of 2.2 % during the forecasted period compared to a CAGR of 1.3% during CY16 to CY22.

- **Pen and Writing Instruments stationery.**

Exhibit 2.5: Market size for the global writing instrument (USD bn)



Source: Technopak Analysis

The writing instruments category is segmented as pencils, oil-based ball pen, water-based ball pen, fountain pens, gel pens, markers, highlighters, and others.

The global writing instrument product market was valued at USD 17 billion in CY22 and expected to reach a market value of approximately USD 26 billion by CY27, thus growing at a CAGR of 8.9 % between CY22 and CY27, compared to a CAGR growth of 6% from CY16 to CY21.

As the student and working professionals increase, the demand for writing instruments is projected to experience sustained instruments in the coming years. Moreover, the premium segment of writing instruments has made its way into the corporate gifting segment, further aiding demand.

- **Paper Stationery (Printing and Writing Paper)**

The global printing and writing paper market size was valued at USD 63 billion in CY22 and projected to reach at USD 68 billion by CY27, expecting a CAGR of 1.5% between CY22 and CY27.

China and the U.S. are the world’s two major paper producing countries. While paper production in the U.S has decreased over the last decade, it has increased dramatically in China. The countries with the highest volumes of printing and writing paper consumption in 2021 were China (~23M tonnes), the United States (~12M tonnes) and Japan (~6.5M tonnes), with a combined 47% share of global consumption.

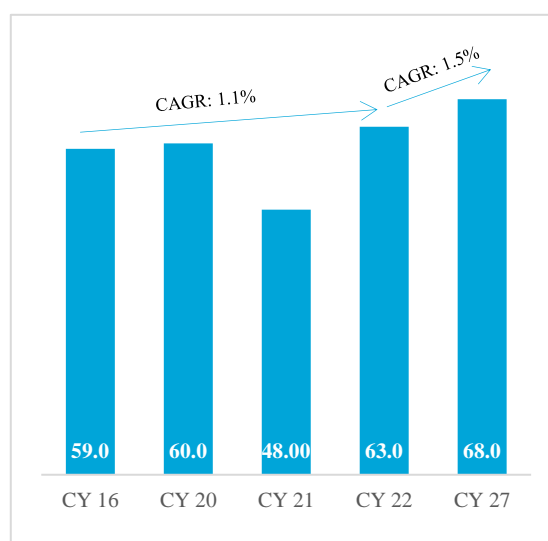
The Indian paper market accounts for approximately 5% to 6% of the world’s paper production and the per capita consumption of paper in India is around 15 kg, as compared to that of the global average of 57 kg.

- **Stationery Adhesives**

The stationery adhesives are a variety of glues made just for use at home, office or school. It consists of a wide range of product such as glue sticks, rollers, tapes, and others. The global stationery adhesives market size was valued at USD 4.2 billion in CY 22 and projected to reach USD 5 billion by CY 27, thus growing at a CAGR of 3.5% during the forecasted years.

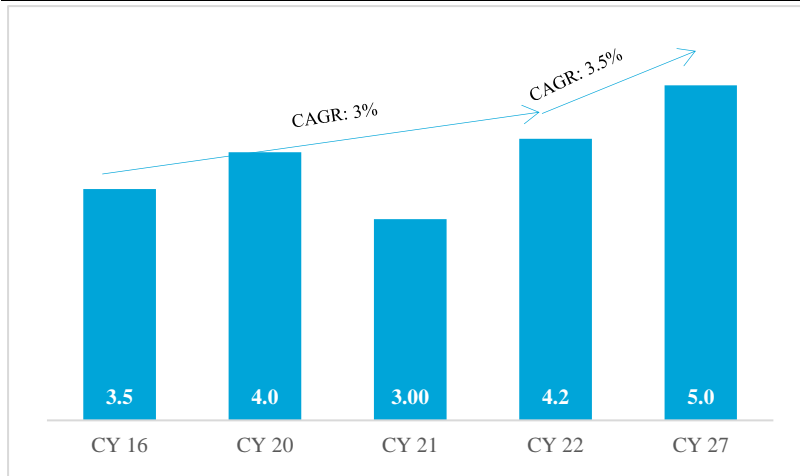
The global stationery adhesive market is projected to showcase tremendous growth in the coming years. This is thriving on the back of an escalating education sector and rising demand for office stationery. With increasing number of student enrolment in schools and colleges, the developing requirement for school stationery and related supplies will push the prospects for growth in the adhesive stationery market as well.

Exhibit 2.6: Market size for the global printing and writing paper market (USD bn)



Source: Secondary Research

Exhibit 2.7: Stationery adhesive product market size (USD bn)



Source: Secondary Research

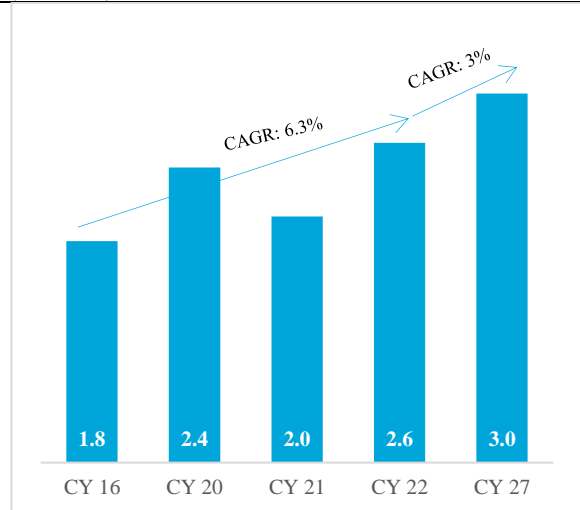
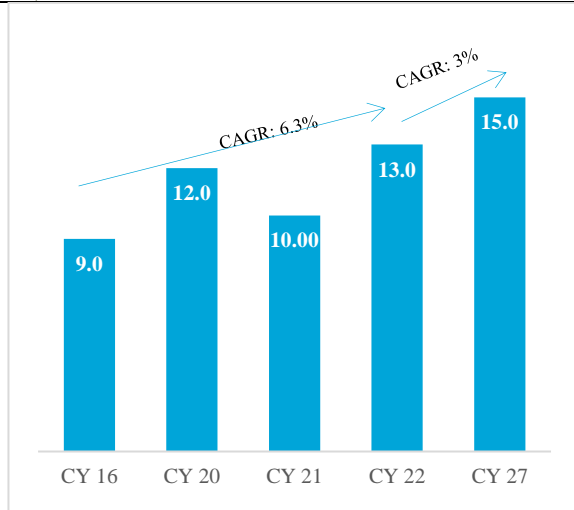
▪ **Art and craft stationery products**

The art and craft stationery products market are divided into paintings and drawing, paper crafts, kid’s crafts, crayons, scholastic art material and other art & craft supplies. The global market size was estimated at USD 13 billion in CY 22 and projected to reach the value of approximately USD 15 billion by CY 27, thus exhibiting a CAGR of 3.0% over the period.

The Arts & crafts stationery can be further categorised into Scholastic arts, fine arts, and hobby’s & craft. Hobbies and craft products encompass a wide range of items that are used for recreational activities, creative projects, and DIY endeavors. The global hobby’s & craft product market size was estimated at USD 2.6 billion in CY and is expected to grow at 3% CAGR, reaching a value of USD 3 billion in CY 27.

Exhibit 2.8: Arts & Craft product market size (USD bn)

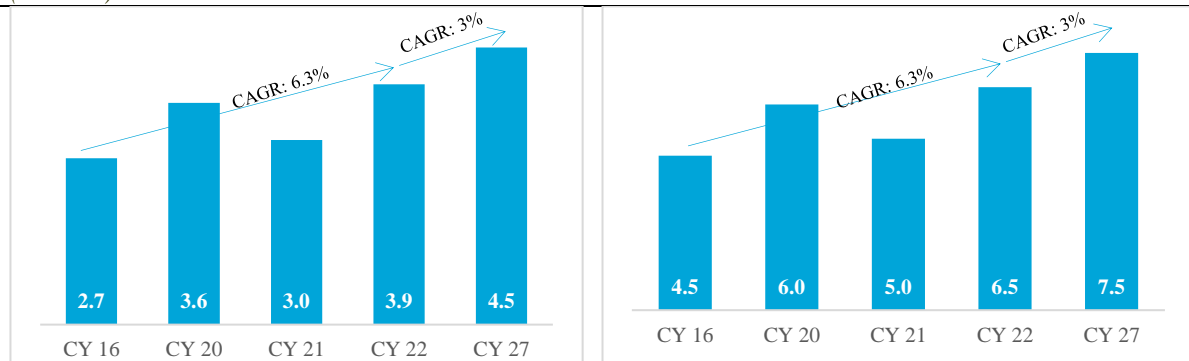
Exhibit 2.8.1: Hobby’s and craft product market size (USD bn)



Source: Secondary Research

Scholastic arts products are specifically designed for educational purposes and aimed at promoting creativity and artistic development in students. These products are commonly used in schools, art classes, and other educational settings. Some examples of Scholastic arts products include drawing pencils, colored pencils, markers, pastels, sketchbooks. Fine arts products are geared towards professional artists, hobbyists, and enthusiasts who engage in fine arts as a creative pursuit. These products cater to a higher level of skill and are often used for personal expression, exhibitions, or artistic endeavors.

Exhibit 2.8.2: Scholastic Arts product market size (USD bn) *Exhibit 2.8.3: Fine arts product market size (USD bn)*



Source: Secondary Research

The global scholastic arts products and fine arts products market was valued at USD 3.9 billion and USD 6.5 billion respectively in CY 22 and is expected to reach USD 4.5 billion and USD 7.5 billion respectively by CY 27, thus exhibiting a CAGR of 3% during the forecast period.

2.3 CONSUMER TYPE AND THEIR DEMAND FOR STATIONERY AND ART MATERIALS

The usage of stationery and art materials has shown an upsurge as people of all ages are increasingly using the products for their personal and professional purposes. The target consumers for the stationery and art materials market varies depending on the specific type of in the market. In general, the main target consumers at an individual level, for the stationery and art materials market includes students, office going population, artists, craft persons etc.

With an increasing number of schools being built, the education sector is rapidly becoming an important target group for stationery retailers while students are the major target segment for scholastic stationery products, including notebooks, pencils, erasers, markers, pens, and other writing instruments. Office going population are the target consumers for office stationery products, including items such as pens, refills, inks, notepads, staplers, and other office supplies. Artists, including hobbyists and professionals, are the target segment and major consumers for sketchbooks, coloured pencils, art markers and premium and high value fine arts stationery products. Further, consumers who enjoy crafts and DIY projects are also a target market for stationery products, including items such as stickers, washi tape, and decorative paper.

Stationery and art material product demand by age group

Stationery and art material products are generally used by the population of all age groups. The consumers of stationery and art material products can be divided into 5 age groups basis their requirements

Children (Aged less than 12 years): Population size ~0.9 billion (11.7% of world population) Children in this age group primarily consume scholastic stationery, paper stationery, and other art & craft stationery products such as pencils, erasers, coloured pencils, crayons, markers, rulers, and notebooks, art & crafts papers, and other tools. They may also be interested in fun-shaped erasers or pencil cases featuring popular cartoon characters or superheroes.

Teenagers (Aged 13-19): Population size ~1.7 billion (21.7% of world population) Teenagers may have more specific needs depending on their interests and activities. They need items such as highlighters, markers, mechanical pencils, notebooks, and planners for schoolwork. They are also be interested in art supplies such as paints, sketchbooks, and drawing pencils. Additionally, some teenagers may be interested in journaling, so products such as journaling notebooks and pens is also popular among this age group.

Young adults (Aged 20-29): Population size ~1.15 billion (14.8% of world population) Young adults are the consumers of both scholastic and office stationery products for studies, work and personal use. They require items such as pens, notebooks, planners, highlighters, sticky notes, and paper clips for work or school. In their personal lives, they may purchase greeting cards, thank you notes, and personalized stationery for writing letters or notes.

Middle-aged adults (Aged 30-59): Population size ~2.95 billion (38% of world population) Middle-aged adults are the large consumers for office stationery products, depending on their professions and personal lives. They may require items such as pens, papers, notepads, planners, glues and sticky notes, and presentation folders for work-related activities. For personal use, they may be interested in writing pads, journals, and personalized stationery for writing notes, letters, or invitations.

Seniors (Aged 60+): Population size ~1.07 billion (13.8% of world population) Seniors may have specific stationery needs related to hobbies or personal interests. They may require items such as pens, pencils, journals, and notepads for writing or keeping track of their daily activities. Additionally, they may be interested in scrapbooking supplies, photo albums, and specialized stationery for creating handmade cards or invitations.

Exhibit 2.9: Demand for stationery and art material products by different age groups

Stationery product category	Children (Aged 5-12)	Teenagers (Aged 13-19)	Young adults (Aged 20-29)	Middle-aged adults (Aged 30-59)	Seniors (Aged 60+)
Scholastic stationery	✓	✓	✓		
Office stationery			✓	✓	
Pens & Writing Instrument		✓	✓	✓	✓
Paper stationery	✓	✓	✓	✓	✓
Adhesives stationery		✓	✓	✓	✓
Scholastic art material	✓	✓			
Fine art products		✓	✓	✓	✓
Hobby and craft	✓	✓	✓	✓	✓

Stationery and art material product demand by level of education

The demand for stationery and art material products can vary depending on the level of education of the consumers. For example, the demand for stationery products at preschool or kindergarten level may include stationery products such as crayons, markers, coloured pencils, finger paints, construction paper, etc. In addition to the items listed above, the elementary school students also require notebooks, pencils, erasers, rulers, pencil sharpeners, folders, and binders etc. Further, the middle school and high school students require more advanced stationery products such as graph paper, calculators, protractors, compasses, highlighters, and pens. College going students require more specialized stationery products such as textbooks, lab notebooks etc.

Exhibit 2.10: Demand for stationery and art material products by education level

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

The demand for stationery and art material products increases as the level of education of the consumers increases because as students progress through their education, they require more advanced and specialized stationery products.

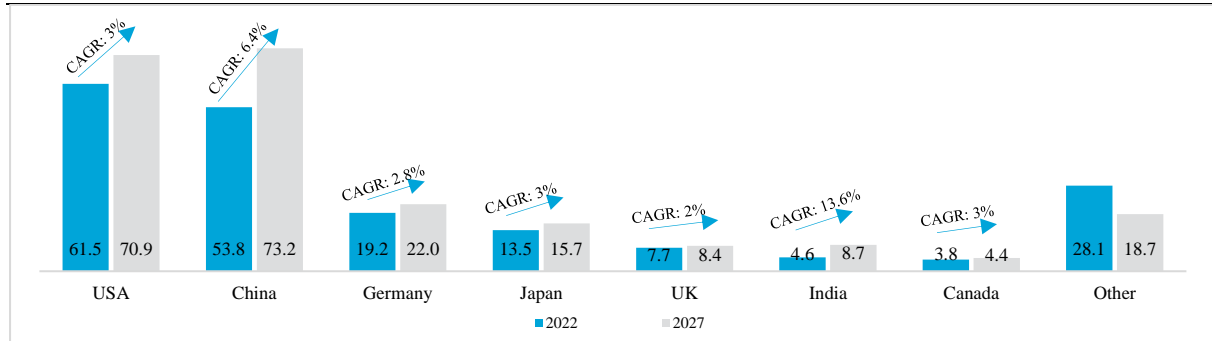
Corporate demand/ B2B demand for stationery products

The office stationery and supplier B2B market is expected to grow by USD ~4 billion during CY 22 to 27, thus expecting to grow at a CAGR of 2% during the period. The demand for stationery products in the corporate or B2B (business-to-business) sector can be significant, as businesses and organizations of all sizes require stationery products for various purposes such as business cards, letterhead and envelopes, notepads and sticky notes, pens and pencils, file folders and binders, presentation materials and other accessories such as staplers, tape dispensers, and paper clips etc. The demand for these stationery products can vary depending on the size and type of the business, as well as the industry it operates in. For example, some industries such as education or healthcare may have higher demand for stationery products than others. Also, demand for stationery products would grow rapidly in developing countries like India, where the number of educational institutes, corporates and office are increasing.

2.4 GEOGRAPHICAL BREAKUP OF THE GLOBAL STATIONERY AND ART MATERIAL INDUSTRY

Asia Pacific is projected as one of the prominent markets for stationery products throughout the forecasted period of CY 22 to CY 27. Asia is the biggest stationery and art materials market based on its consumption of over 40% of the total global stationery and art materials market. Countries like China, Japan and India are key players in the stationery and art material market in Asia, with a large number of manufacturers, exporters, and suppliers in the region. China solely contributes to approximately 28% of the global stationery and art materials market, followed by Japan (approximately 7%) and India (approximately 2.4%).

Exhibit 2.11: Market size of major geographies in the stationery and art material market CY 22 and CY 27 (USD billion)



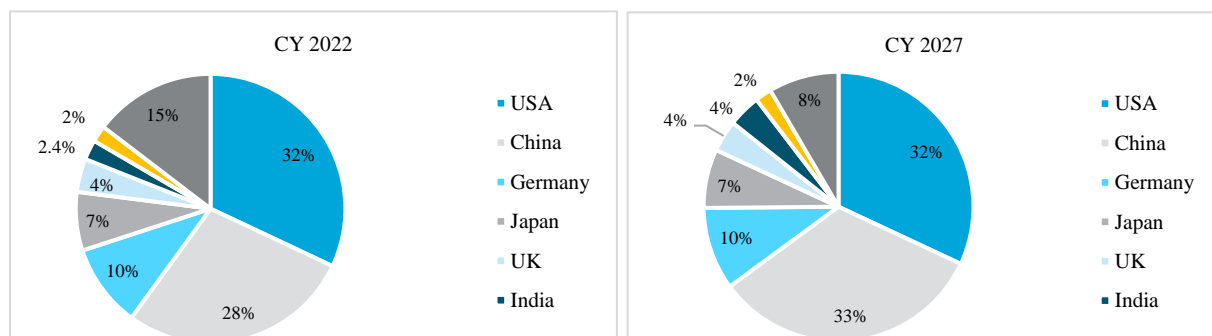
Source: Technopak Estimates; CY 22 is FY 23 and CY 27 is FY 28 for India

The United States is a significant contributor to the global stationery products, valued at USD 61.5 billion in CY 22. The U.S. market is estimated to grow at a CAGR of ~3% during CY 22 to CY 27 and expected to reach a market size of USD 70.9 billion by CY 27. The world's second largest economy, China, is a dominant market in Asia; its stationery product market size is valued at USD 53.8 billion in CY 22 and is projected to reach at USD 73.2 billion by CY 27, forecasting a CAGR of ~6.4% during 2022-27. Japan stationery market is valued at USD 13.5 billion in CY 22, is the second largest stationery market in Asia and is expected to grow at CAGR of ~3% between CY 22 and CY 27, while India's stationery product market is estimated at USD 4.6 billion in CY 22 (FY 23) is projected to grow at CAGR of ~13.6% and reach market value of USD 8.7 billion by CY 27.

Meanwhile, Germany and United Kingdom (UK) are the important geographic markets for stationery products in the Europe whose market size is estimated at USD 19.2 billion and USD 7.7 billion respectively in the year 2022 and are expected to see growth in their stationery products markets, with CAGRs of ~3% and ~2%, respectively, over the same period. These forecasts suggest that the stationery products market is likely to remain an important industry in the coming years, with opportunities for growth in various regions around the world.

The stationery and art materials market in China and India is projected to experience substantial growth during 2022-27, driven by the expanding economy and the emergence of new markets. By CY 27, China is anticipated to seize a market share of 33%, while India is expected to capture 4% of the global stationery and art materials market share, thus experiencing an increase from their respective market shares of 28% and 2.4% in the year 2022.

Exhibit 2.12: Market share of major geographies in the stationery and art materials market CY 22 and CY 27 (USD billion)



Source: Technopak Estimates
CY 22 is FY 23 and CY 27 is FY 28 for India.

Apart from the above, the stationery and art materials industry has seen growth in various emerging countries in recent years, including Thailand, Indonesia, Singapore, South Korea, Brazil including India. India is one of the fastest-growing markets for stationery products, driven by an increase in literacy rates and a growing population of students and working population in the country.

2.5 GLOBAL SUPPLY CHAIN - MAJOR EXPORTERS AND MAJOR IMPORTERS¹

The stationery and art materials industry's global supply chain involves multiple players where the manufacturers produce the stationery products in the production units, which are then bought by the wholesalers in bulk and then distributed to the retailers who sell them to the end consumers. China is currently the largest exporter of stationery products, mainly due to its large manufacturing base and cost-effectiveness. This dominance has been strengthened by China's ability to produce a wide variety of stationery products at a lower cost compared to other countries. Other countries such as the United States, Germany and Japan have a competitive edge in the global market due to their reputation for producing high-quality products. This quality advantage allows them to cater to a different segment of the market, where consumers are willing to pay a premium for better quality products.

Exhibit 2.13: Major exporters of stationery products in the World (Size - USD Billion) (CY 22)

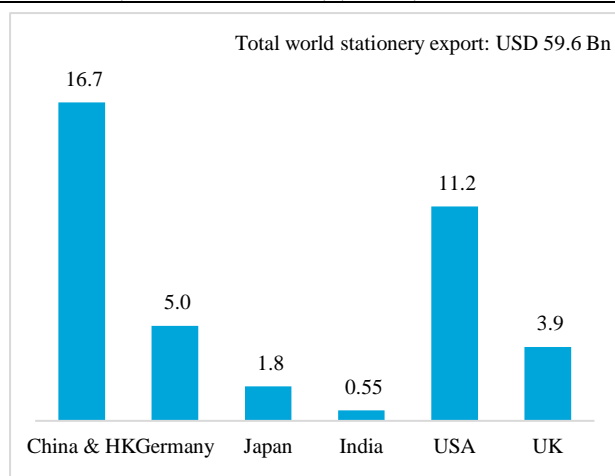
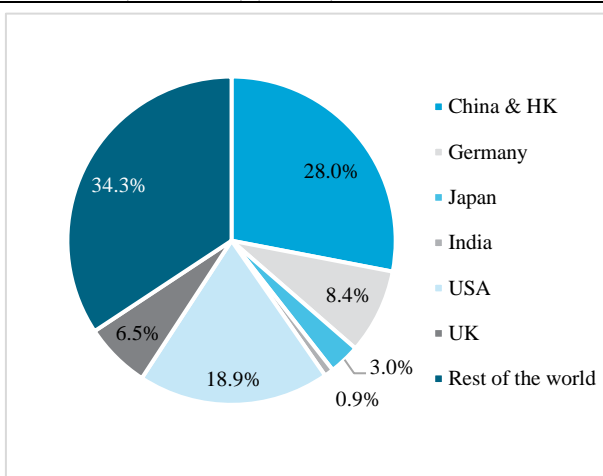


Exhibit 2.14: Major exporters of stationery products in the World (Share - %) (CY 22)



Source: Trade Statistics, International Trade Centre.

As per the trade statistics data, the International Trade Centre, the world's total stationery export market, in CY 22, was reported at USD 59.6 billion. China accounted for ~28% of the world's exports of stationery and related products in CY 22, followed by the United States accounting for ~18.9%, Germany at ~8.4%, United Kingdom at ~6.5% and Japan at ~3%. India has a very low share of global exports to stationery products accounted for approximately ~0.9% of the total world's exports in CY 22.

The major importing countries in the stationery and art materials industry are the United States and China. In terms of import value, the world's total stationery import was valued at USD 58.1 billion in CY 22. United States and China are the largest importer of stationery and related products in 2022, accounting for ~19.4% and ~16.6% of the world's total imports of stationery products respectively, followed by Germany at ~4.5%, United Kingdom at ~4.8% and Japan with import share of ~1.4% of the world's total imports of stationery products. India's share of import for stationery products is equal to 1% of the total world's import.

¹ For the Industry report we have considered the following HS Codes: 9608: Pen and related items; 9609: Pencil and related products; 4817: Envelops and related stationery products; 4820: Register, notebooks, letter pads etc.; 4821: Paper products; 9701: Painting & related items and 3506: Glues & Adhesives

Exhibit 2.15: Major importers of stationery products in the World (Size - USD Billion) (CY 22)

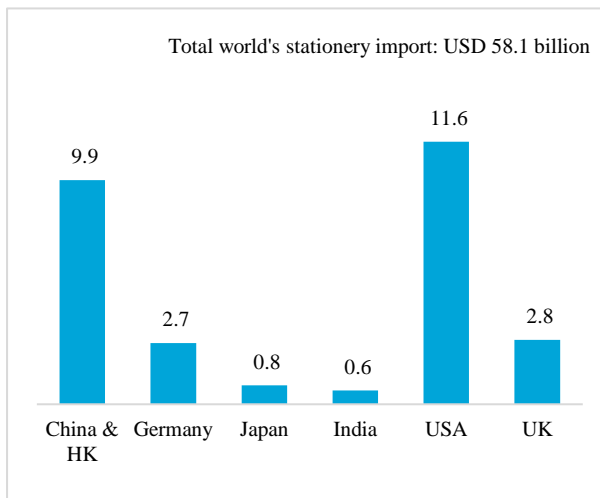
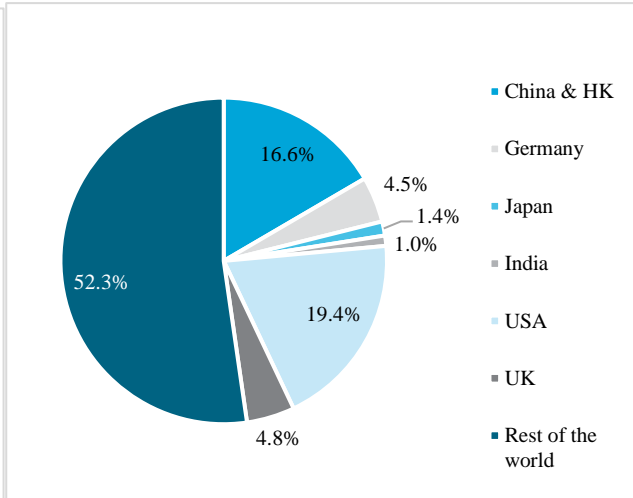


Exhibit 2.16: Major importers of stationery products in the World (Share - %) (CY 22)



Source: Trade Statistics, International Trade Centre.

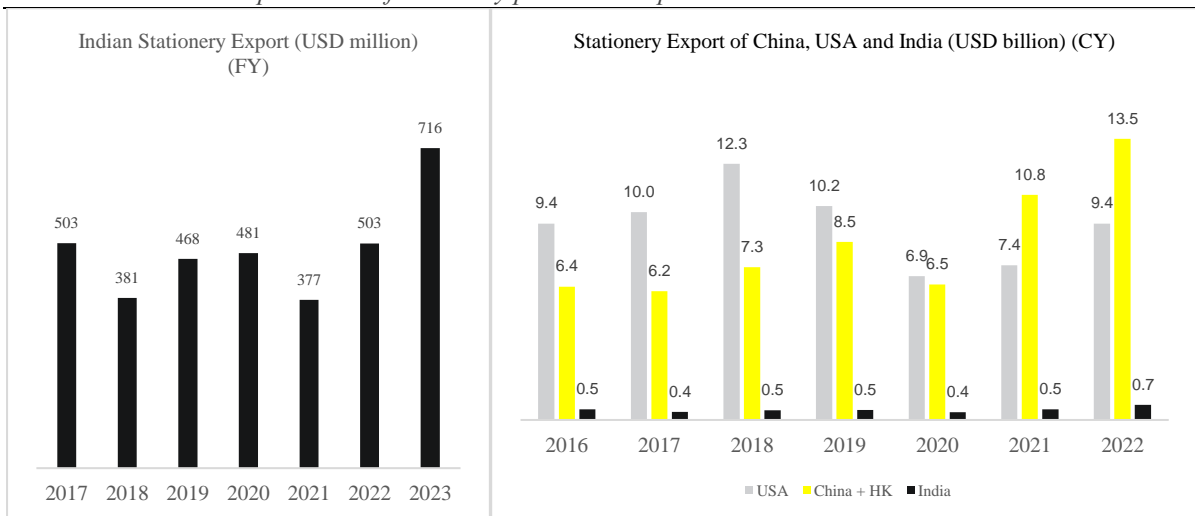
In recent years, some countries have also started to prioritize sustainability in their stationery and art materials industries, which could potentially change the dynamics of the global market. With increasing demand for eco-friendly products, manufacturers that can offer sustainable products may gain a competitive advantage.

OPPORTUNITY FOR INDIA TO BECOME AN EXPORT HUB OF STATIONERY PRODUCTS

India has become one of the major exporting nations in recent decades, which has facilitated 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.

The demand for stationery products is growing rapidly worldwide, driven by increased literacy rates and education levels. India can capitalize on this demand by producing a diverse range of stationery products at competitive prices. Further, India has a vast availability of raw materials like paper, rubber, plastic, and wood, and also has a competitive advantage in cost-effective manufacturing due to lower labor costs. This helps drive down production costs of stationery products, thus making them more attractive to international buyers.

Exhibit 2.17: India's export value of stationery products compared to China and USA

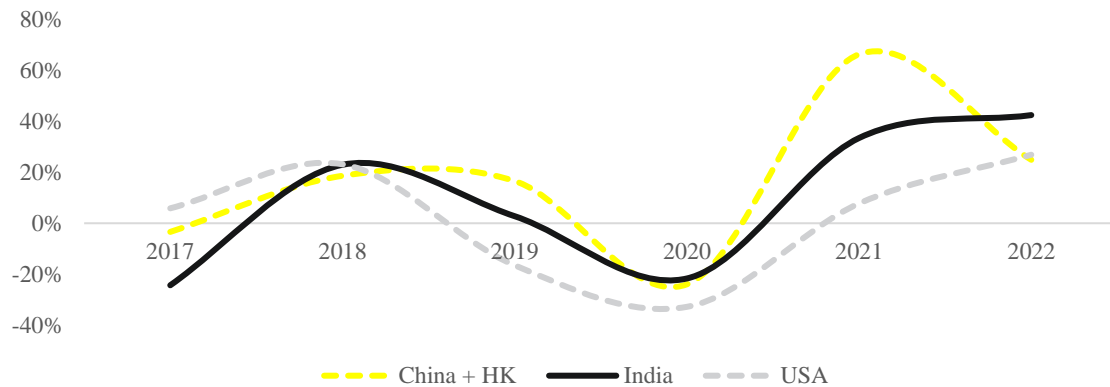


Source: Tradestat, Ministry of Commerce & Industry

*A drop in the exports has been recorded during CY20 (FY 21), due to the Covid effect. CY 22 is FY 23 for India

Note - Exports for Glues and Adhesives have not been included as Industrial glues and adhesives constitute a majority share of the exports.

Exhibit 2.18: Stationery Exports growth rate of India vs China and U.S.A (CY)



Source: Trade Statistics, International Trade Centre, Tradestat, Ministry of Commerce & Industry

India and China are both major players in the global stationery export market in Asia. While China has been the dominant player in this market for many years, India's stationery exports have been growing steadily in recent years. In terms of overall stationery exports, China witnessed a higher growth rate in the stationery exports to the world than India during CY 21, however, India's stationery export growth rate rebounded and exceeded China in CY 22, reaching a recorded rate of 42% during that period, whereas China recorded a growth rate of 25% in the same year. Despite China's dominant position in stationery exports, India still possesses significant opportunities to supply its stationery products to the global market.

India has an advantage in terms of better-quality products and customization. Indian manufacturers often emphasize attention to detail, craftsmanship, and quality control in their production processes. This focus allows them to cater to customers who value high-quality stationery products. India has also made significant strides in offering eco-friendly and sustainable stationery products such as recycled paper notebooks, bamboo stationery (pen, pencil, rulers, desk organizers etc.), eco-friendly art supplies etc. Many Indian exporters prioritize using recycled or sustainable materials and employ eco-friendly production practices. This aligns with the growing demand for environmentally conscious stationery products worldwide.

Further, the China+1 strategy can also enable Indian stationery manufacturers to tap into new markets and diversify their customer base. Each country may have unique expertise or specialized capabilities in specific stationery products or materials, providing opportunities for Indian manufacturers to introduce new designs, features, or materials to their product range. By exploring production options in countries other than China, Indian companies can expand their reach and supply chain networks to cater to diverse consumer demands globally and increase market share in the stationery industry.

Moreover, the Indian government has taken several initiatives to promote exports, including the introduction of various schemes and incentives to boost the country's export potential. The government's flagship program, "Make in India," aims to encourage local manufacturing and promote exports. Moreover, the government has announced several policy measures, including the Production-Linked Incentive (PLI) scheme, to incentivize domestic production and boost exports. These initiatives are expected to create a favorable environment for Indian stationery manufacturers to expand their global footprint. With the right policies and incentives, India can significantly increase its export share in the stationery and art materials industry.

2.6 THE LIMITING FACTORS FOR THE STATIONERY AND ART MATERIALS MARKET AND THE KEY GROWTH DRIVERS

Raw material price volatility: Inflation had a significant impact on the stationery and art materials market. The world economy has been experiencing high inflation in recent years, which has led to a higher price in the stationery products. One of the key drivers for inflation is the cost of raw materials. Stationery products like pens, pencils, notebooks etc., rely heavily on raw materials such as paper, rubber, and plastics, which are subject to price fluctuations in the global market. The increase in the price of raw materials can lead to a higher cost for stationery manufacturers, thus causing a higher selling price product in the market.

Environment Concern: There has been a growing awareness among consumers concerning the impact of paper production on the environment. Consumers have become aware of the environmental impact of paper production,

which has led to a shift towards eco-friendly products and a reduction in the use of paper-based stationery items. However, this gives an opportunity for the companies in the stationery and art materials industry to offer more environment and ecofriendly alternatives.

Digitalization: Digitalization have had a significant impact on workplaces, enabling increased collaboration, information accessibility, and remote work opportunities, resulting in increased productivity and efficiency. Moreover, the adoption of digital processes has helped to minimize the environmental impact of traditional paper-based practices, leading to enhanced sustainability and reduced carbon footprint.

The shift towards paperless processes using digital devices has led to efficiency, convenience and cost savings for businesses and individuals. However, with the increase in digitization, the global supply-demand for the physical stationery products (specially the office stationery) has remained subdued as the digital alternatives for notetaking and communication have replaced the traditional stationery items, such as pens, notepads, office diaries etc. in various settings.

In emerging countries like India, the impact of digitalization is however limited due to low digital penetration specially in the rural areas. A significant portion of the population in the country, especially in the rural areas, has limited access to digital technologies, including internet connectivity. In many parts of India, the traditional stationery items like pens, pencils, and notebooks continue to be the primary means of writing and recording information. The reliance on physical stationery products is deeply ingrained in the education system, where handwritten notes and paper-based examinations remain prevalent. This reliance is further reinforced by cultural practices and habits.

E-commerce: The rise of e-commerce platforms has changed the retail landscape, offering consumers a convenient way to purchase products online. While this provides opportunities for stationery retailers to reach a broader customer base, it also intensifies competition and can lead to price pressures. Further, in countries such as India, a large number of value- seeking consumer groups prefer to buy unbranded stationery items from local vendors rather than the going for branded items. These are the challenges that the market poses for the branded players, which may differ from country to country.

Key Demand Drivers for Stationery and art materials Market across the Globe

Urbanization: As the population increases, more people move into the urban areas for a better quality of living which leads to an increase in demand for education, office supplies, and other stationery products.

Urban population often has a higher level of education. This creates a demand for scholastic stationery products such as notebooks, pens, pencils etc. in the urban market. Due to the increasing numbers of educational institutes and higher enrollment of children in these institutes, the education sector generates the most demand for stationery products.

Urbanization also leads to the growth of businesses, which increases the demand for office supplies such as paper, pens, and folders. The office segment is the second largest consumer of stationery products and is expected to increase at a steady rate as a greater number of offices have started functioning at a normal pace post Covid.

Moreover, urban population has more numbers of artist, writers, designers etc. who require specialized stationery products such as sketchpads, calligraphy pens, watercolor paints and other art and craft products for their work.

Rising education and literacy rate: As a greater number of students go to school, colleges, and universities and more people become literate, there would be an increase in the demand for stationery products. With a rise in literacy rates, there will be a growth in the number of working professionals too.

Modern education methods: The emergence and growth of digital tool in recent years has had a profound impact on the education sector. The modern education methods and digital learning platforms have improved accessibility, flexibility, and learning outcomes for students. The changing nature of educational resources and materials and the shift towards online teaching pedagogy in the educational sector has increased the use of digital learning platforms post the pandemic. Coupled with rapid digitization in the educational system and increased usage of the internet, this has made education more accessible leading to increased demand for stationery products. With more people studying from home at their own convenient time, there has been a greater demand for school supplies, including pens, pencils, notebooks, and other stationery items.

In addition, as people spend more time surfing the internet, there has been a recovery of interest in analog tools and paper-based productivity systems like bullet journaling, which can help people organize their thoughts and tasks in a tactile way.

Social Media Influencer: Social media influencers play a significant role in the stationery markets by promoting and endorsing stationery products to their followers. Influencers have a large and engaged audience, which can create a ripple effect and generate interest and sales for stationery brands. Companies collaborate with influencers to widen the market and boost the reach and visibility of these products. For example, a cartoon character ad can help to attract today's generation kids to purchase their pencils, notebook etc.

New product development and innovation in the stationery products such as eco-friendly stationeries, can further boost the demand for stationery products market.

2.7 KEY GLOBAL PLAYERS IN STATIONERY AND ART MATERIALS INDUSTRY

The stationery industry is a global market that includes a wide range of products such as writing instruments, paper products, office supplies, and other related products. Some of the global key players in the stationery product market are Faber-Castell, Staedtler, Mapped, Muji, FILA SPA, Newell Brands, Kokuyo, Crayola, Acco Brands etc.

FABER-CASTLE

Faber-Castell, headquartered in Stein, Germany, is one of the largest stationery brands in the world and a manufacturer and supplier of pens, pencils, other office supplies, and art supplies, as well as high-end writing instruments and luxury leather goods and gifts. It operates 14 factories and 20 sales units throughout the globe.

The Faber-Castell product line includes pencils (graphite and color), pens (fountain, rollerball, Fine-liner and Fibre tip, Ballpoint), crayons and colors (Artists colors, pastels), charcoals, erasers, sharpeners, and other accessories.

Facts & Figures about Faber- Castell	
Global presence	Europe, North America, Latin America, Asia, Pacific. Market presence in over 120 countries.
Production locations	~10 Countries
Group revenue 2022	~5.63 USD billion
Brand	Faber-Castell
Products:	Graphite pencils, Colored pencils, Fountain pens, Rollerball pens, Fine-liner and Fiber tip pens, Artists colors, Ballpoint pens, Markers, Crayons, Compasses, Technical drawing, Eraser, Sharpener, Equipment, Refill.

STAEDTLER

Staedtler, founded in 1835 is a German fine writing instrument company and a manufacturer and supplier of artist, writing, and engineering drawing instruments. Staedtler produces a large variety of writing instruments, including pencils and accessories (graphite pencils, erasers, sharpeners, mechanical pencils and lead holders, pencil leads), products for coloring (colored pencils, fiber-tip pens, fine liners, crayons, chalks & oil pastels, paints etc.), markers (highlighters, universal pens, whiteboard markers, flipchart markers, dry markers, writing pens (fine liners, ballpoint pens, rollerballs, ballpoint refills, fountain pen etc.)), products for artists such as accessories for artists, colored pencils for artists, graphite pencils for artists etc. and technical drawing instruments (technical pens & drawing ink, compasses, rulers & set squares, drawing boards, lettering guides etc.)

Facts & Figures about Staedtler	
Global Presence	Staedtler worldwide is located in 26 countries. Market presence in over 150 countries.
Production locations	7 in total, 4 in Germany
Group revenue 2022	~0.42 USD billion
Brand	Staedtler
Products:	Products for coloring (Colored pencils, Fiber-tip pens, Fine-liners, Crayons, chalks & oil pastels, Paints); Markers (Highlighters, Universal pens, Whiteboard Markers, Flipchart Markers, Dry markers); Writing pens (Fine-liners, Ballpoint pens, Rollerballs, Ballpoint refills, Fountain Pen); Technical drawing instruments (Technical pens & drawing ink,

	Compasses, Rulers & set squares, Drawing boards); Pencils and accessories (Graphite pencils, Erasers, Sharpeners, Mechanical pencils and lead holders, Pencil leads); Products for artists (Accessories for artists, Colored pencils for artists, Graphite pencils for artists, Fiber-tip pens, fine-liner & metallic markers, Oil pastels, soft pastel chalks, water-color crayons); Noris Digital; Fine Writing.
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Note – USD-Euro conversion rate of 1 Euro = 1.0975 USD

MAPED

Maped, headquartered in Annecy, France, is a manufacturer of scholastic and office stationery products. It has a global presence on 5 continents and in more than 120 countries with 17 international subsidiaries.

The Maped product line includes School stationery products such as pencil sharpeners, erasers, drafting tools, compasses, scissors, glue, writing boards and accessories; Coloring products like felt tips, color pencils, crayons, and painting; Writing instruments such as pens and highlighters and felt tips for writing; Play and creations products and other Office and framing products like cut accessories, office accessories and magnifiers.

Facts & Figures about Maped	
Global Presence	~ 120 countries including USA, Canada, Silco, Peru, Brasil, Argentina, Russia, Netherland, UK, Helit, France, Cofrap, Romania, Turkey, Hellas, India, Suzhou, Helix-Hong-Kong etc.
Production locations	3 integrated production sites in France, Silco, Suzhou.
Brands	Maped, Maped Picnik, Maped Creativ
Products:	Scissors, Color pencils, Pencil sharpeners, cut accessories, Erasers, Felt tips, Highlighters and felt tips for writing, Water bottles, Compasses, Color crayons

MUJI

MUJI, founded in 1979, is a Japanese retail company which sells a wide variety of household and consumer goods. It sells household goods, kitchen utensils, fashion, stationery, electronics, home appliances, cosmetics, food and furniture. MUJI is known for its distinctive design, which is continued throughout its more than 7,000 products across different categories such as ladies' wear, men's wear, kid's wear, accessories, stationery, furniture, fabrics, kitchen wear, storage units, haircare products, cosmetics suitcase, electronics, instant food items, snacks etc. MUJI's stationery category has a variety of products which includes notebooks, pens, files & folders, albums, gift wrapping toys etc.

Facts & Figures about Muji	
Global Presence	~31 countries (Europe: France, Finland, Denmark, Germany, Ireland, Italy, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom; Asia Pacific: Australia, China, Hong-Kong, Japan, Korea, Kuwait, Malaysia, Philippines, Singapore, Taiwan, Thailand, UAE, Saudi, Arabia, Bahrain, Qatar, India, Vietnam; North America: USA, Canada)
Group revenue FY 2023 (Sept 2022 - Aug 2023)	~ 3.90 USD billion
Brand	Muji
Products:	Writing Materials, Office Items, Gel Ink Ball Point Pens, Office Accessories, Notebooks, Files, Acrylic Storage, Mobile Accessories, Markers & Highlighters, Photo Frames & Albums, Folder, Calendar/Schedule, Box Files, Oil Ink Ball Point Pens, Desk Items, Loose-Leaf, Binders, Pencils, Bargain, Report/Memo, Wrapping Items, Arts & Crafts Items, Message Cards, Papers & Envelopes, Erasable Pens, Ring Files, Fountain Pen, Schedule Books/Address Books.

F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.

F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A. (or F.I.L.A Group) is an Italy based stationery company, incorporated in 1920, having a presence in the market for over 100 years. It is a leading global enterprise devoted to the research, design, manufacture and sale of tools for creative expression, catering to millions of homes, schools, offices and ateliers. With over 25 renowned brands under its umbrella, F.I.L.A. operates in an extensive network spanning more than 150 countries across 5 continents. The group operates in the creativity tools market, producing and marketing over 20 categories of products including coloring, design, modelling, writing, and

painting objects, such as pencils, crayons, modelling clay, chalk, oil colors, acrylics, watercolors, paints and paper for the fine arts, school and leisure.

Facts & Figures about F.I.L.A Group	
Global Presence	Over 150 countries including Europe: Italy, Spain, Portugal, Greece, France, Turkey, Germany, Poland, Sweden; North America: U.S.A., Canada, Mexico; Latin America: Brazil, Chile, Argentina; Asia: China, India, Russia; Others: South Africa, Australia
Production locations	~ 22 production sites located across Italy, France, Germany, Great Britain, Argentina, Brazil, Canada, Mexico, Dominican Republic, USA, China, and India
Group revenue 2022	~ 0.84 USD billion
Brands	25 brands - Giotto, Tratto, Pongo, Dido, DAS, Maimeri, Lyra, Prang, Dixon, Ticonderoga, Vinci, Vividel, Mapita, Blanca Nieves, Metrico, Mercurio, Pax, Utiguti, DOMs, Daler Rowney, Lukas, Princeton, Pacon, Strathmore, Canson, ARCHES
EBITDA (Reported)	0.114 USD billion
EBITDA Margin	13.53%

Note – USD-Euro conversion rate of 1 Euro = 1.0975 USD

SHANGHAI M&G STATIONERY INC

Shanghai M&G Stationery Inc. manufactures and sells stationery products including writing tools, student's stationery, office stationery, and other related products. The company is in Shanghai, China, that covers around 80,000 retail terminals in China with M&G Life House, M&G Shop, and other 441 retail stores. The company has a strong presence both in the domestic Chinese and international markets, distributed through various channels, including own retail stores, e-commerce, and partnerships with wholesalers and retailers worldwide.

Facts & Figures about Shanghai M&G Stationery	
Global Presence	50 countries including Thailand, Vietnam, Malaysia, and other countries
Production locations	~10 factories
Group revenue 2022	~ 2.79 USD billion
Brands	M&G Stationery, Beckmann
Products:	Writing instruments, student stationery, office supplies and art supplies - include pens, erasers, glue, drawing materials, schoolbags, markers, highlighters, mechanical pencils, notebooks, correction fluid, oil pastels, sticky notes, pencil leads, and pen refills.

KOKUYO CO. LTD

KOKUYO CO. LTD, based in Osaka, Japan and established in 1905, offers innovative and high-quality products through Workstyle Field (Furniture Business, Business Supply Distribution) and Lifestyle Field (Stationery Business, Interior Retail Business). Their range of products include writing instruments, notebooks, adhesive products, and art and craft products and also operates in Furniture business in both domestic and overseas market, Business Supply Distribution business that consists of an E-commerce, mail-order and a wholesaling business, Interior Retail Business selling through Brick-and-Mortar store and Online stores. They have a very strong presence in East Asia along with tie-ups with Camlin in India to expand their presence.

Facts & Figures about Kokuyo co ltd.	
Global Presence	Japan, India, China, Malaysia, Vietnam, Thailand, Singapore, Indonesia
Production locations	Domestic – Mie, Chiba, Shiga, Tottori, Overseas- China, Thailand, Malaysia, Vietnam, India, Indonesia
Group revenue 2022	~ 2.44 USD billion (Stationery business: ~ 0.61 USD billion)
Brands	Kokuyo, Camlin, Campus, Kaunet, Dotliner
Products:	Stationery Business (Writing instruments, student stationery, office supplies art supplies include pens, erasers, glue, Glue, markers, highlighters, mechanical pencils, notebooks, correction fluid, masking tape, sticky notes, staplers, pencil leads, and pen refills, , Adhesive tapes, Scissors), Furniture Business (Office renovations), Business Supply Distribution (that consists of an E-commerce, mail-order and a wholesaling business of office supplies, stationery, office automation tools, daily necessities, office furniture), Interior Retail Business (Clothing, food, interior goods and services)

NEWELL BRANDS

NEWELL BRANDS, headquartered in Atlanta, Georgia, US and founded in 1903, is one of the leading American manufacturer, marketer, and distributor of consumer and commercial products. It manufactures and sells stationery products including writing tools, student's stationery, office stationery, and other related products and also operates in Commercial Solutions, Home Appliances, Home Solutions, Learning and Development, Outdoor and Recreation. The company has a strong presence both in the North American and international markets especially in Europe and Africa, and products are distributed through various channels, including its own retail stores, e-commerce, and partnerships with wholesalers and retailers worldwide.

Facts & Figures about Newell Brands	
Global Presence	North America, Europe, Middle East and Africa, Latin America, Asia Pacific. Market presence in over 200 countries
Production locations	Over 40 countries
Group revenue 2022	~ 9.5 USD billion
Brands	36 Brands- Mapa, Quickie, Rubbermaid, Rubbermaid Commercial Products, Spontex, Calphalon, Crockpot, Mr. Coffee, Oster, Sunbeam, Ball, Chesapeake Bay Candle, FoodSaver, Sistema, WoodWick, Yankee Candle, Aprica, Baby Jogger, Dymo, Elmer's, EXPO, Graco, Mr. Sketch, NUK, Paper Mate, Parker, Prismacolor, Sharpie, Tigex, Waterman, X-Acto, Campingaz, Coleman, Contigo, ExOfficio, Marmot
Products:	Writing instruments, student stationery, office supplies art supplies (include pens, erasers, glue, drawing materials, schoolbags, markers, highlighters, mechanical pencils, notebooks, correction fluid, oil pastels, sticky notes, pencil leads, and pen refills, Label printers, Adhesive tapes, measuring tapes, measuring scales. Scented markers, and scented crayons. High-end luxury pens), Commercial Solutions (Commercial cleaning and maintenance solutions, closet and garage organization, hygiene systems and material handling solutions), Home Appliances (Household products, including Kitchen Appliances), Home Solutions (Food and Home Storage products, fresh preserving products, vacuum sealing products, gourmet cookware, bakeware and cutlery and home fragrance products), Learning and Development (Baby gear and Infant care products, writing instruments, art products, adhesive- based products, cutting and labelling solutions products), Products for outdoor and outdoor-related activities.

CRAYOLA

CRAYOLA, headquartered in Pennsylvania, US introduced its first crayon in 1903, and is a wholly owned subsidiary of Hallmark Cards and is best known for its Crayons. The Crayola product line includes Crayons, Colored Pencils, Markers, Paint, Adult Coloring, Toys & Activities, Art Kits & Easels. It also produces Silly Putty and a line of professional art products under the "Portfolio Series Brand" that includes acrylics, watercolor, tempera and brushes.

It has its Crayola experience centres at 5 locations which are open to the public that have crayon centric warehouse including events, a café, a store, attractions, some familiarizing guests and Crayola's history with products.

Facts & Figures about Crayola	
Global Presence	Market presence in over 80 countries
Production locations	11 in total, Manufacturing Facilities -Easton, Pennsylvania, Bethlehem Pennsylvania, Mexico City, Mexico Sales and Marketing Facilities - Australia, Canada, Hong Kong, Italy, Mexico, Netherlands
Brand	Crayola, Silly Putty, Portfolio Series
Products:	Color and Draw (Adult Coloring, Chalk, Colored Pencils, Coloring Books and Papers, Crayons, Dry Erase, Markers, Mess Free Coloring, Writing Tools), Paint and Create (Art Kits & Easels, Brushes, Paint, Scissors & Glue, Washable Paint, Water Colors), Modelling Compounds (Clay, Model Magic, Silly Putty), Toys and Activities (Art Kits & Easels, Outdoor Chalk, Toys, Craft Kits), Classpacks & Bulk

ACCO BRANDS

ACCO BRANDS is an American multinational company headquartered in Lake Zurich, Illinois, US , founded in 1893, and is one of the largest designers, manufacturers, and marketers of premium business, technology and academic products. It has a worldwide presence with more than 100 countries and has acquired several brands in

its course of business. It deals in office products which includes ring binder, paper clip, staplers, notebooks, paper-based school and office products etc.

Facts & Figures about ACCO Brands	
Global Presence	Products sold primarily in the US, Europe, Australia, Canada, Brazil and Mexico. Market presence in over 100 countries
Production locations	Manufacturing facilities- Mississippi, New York, Pennsylvania, Canada, Belgium, China, Czech Republic, England, Germany, Italy, Poland, Portugal, Sweden, Australia, Brazil, Mexico, Distribution facilities- Mississippi, New York, Pennsylvania, Canada, Belgium, Czech Republic, England, France, Germany, Italy, Poland, Sweden, Australia, Brazil, New Zealand, Singapore Global office locations include -California, Ohio, Washington, Taiwan, England, Australia, Chile, Canada, Germany, USA, Mexico, UK, Brazil, Singapore, Hongkong, Japan, Poland
Group revenue 2022	~ 1.95 USD billion
Brand	46 brands- ACCO, Amcal, Apollo, Artline, At-A-Glance, Barrilito, Bene, Cambridge, Carven, Celco, ColourHide, Columbia, ConTact, Crystalfile, Day-Timer, Derwent, Esselte, Five Star, Foroni, GBC, GBC (Europe), Grafon's, Hilroy, Jastek, Kensington, Leitz, LucidSound, Marbig, Mead, Mead Academie, MotherWord, Nobo, NorthFork, Petrus, PowerA, Quartet, Rapid, Rexel, Seal, Spirax, Swingline, Texta, Tilibra, TruSens, Xyron , Wilson Jones
Products:	Tech Accessories (Video Gaming and Computer Accessories), Learning and Creative (Notetaking, Boards, Art products and Writing), Equipment (Stapling, Laminating, Tools, Shredding and Wellness), Organization and Storage (Filing and Organization, Storage and Calendars)

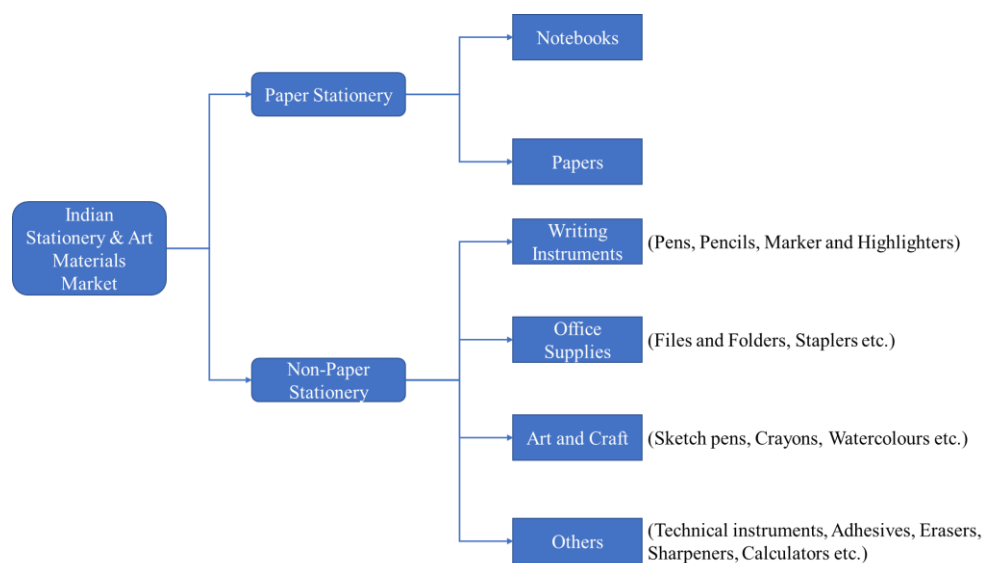
3. Indian stationery and art materials market

Key Segments of Indian stationery and art materials market

By Product Type

Indian stationery and art materials market can be segmented into paper stationery and non-paper stationery products, with the latter constituting the larger share in the market by value. Paper stationery products can be further sub-divided into notebooks and papers, with notebooks accounting for the larger share by value. Non-paper stationery products can be sub-divided into writing instruments, office supplies, art and craft products etc., with writing instruments accounting for the larger share by value.

Exhibit 3.1: Overall Stationery and Art Materials Market in India



Source – Technopak Analysis

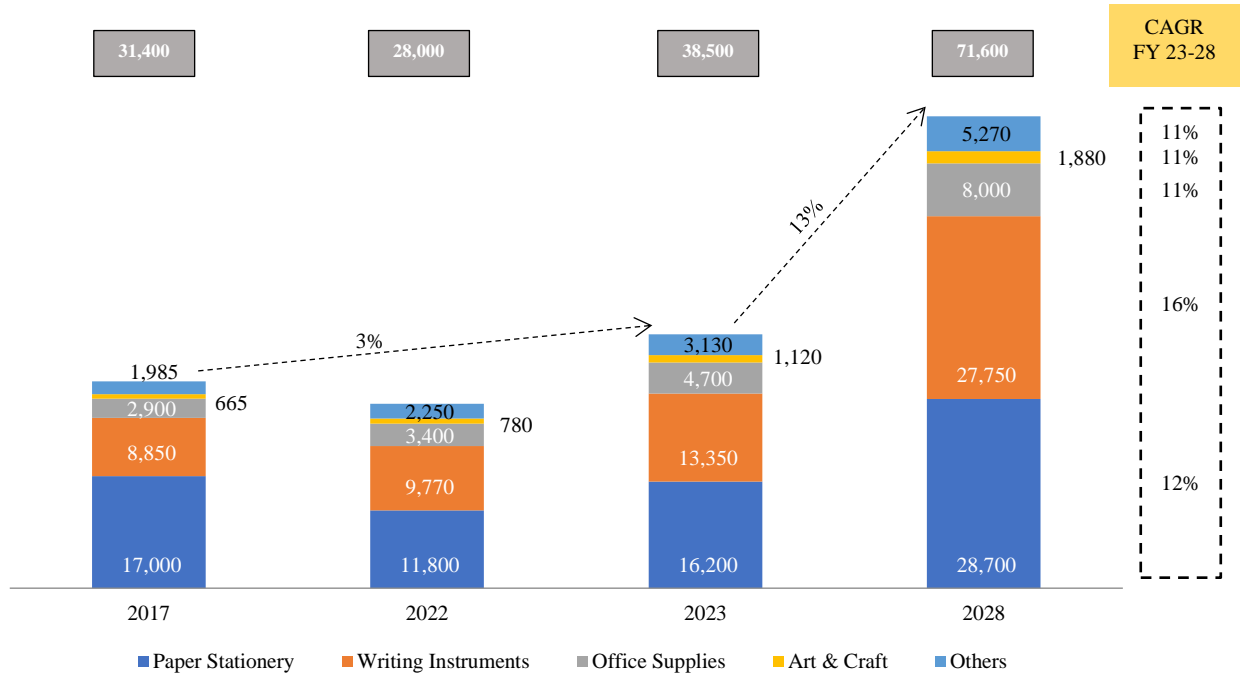
Domestic Stationery Market Size in India

The Indian stationery and art materials market has exhibited continuous growth over the years. It has an estimated size of INR 38,500 crore by value as of FY 23. However, the market witnessed a substantial sales dip in FY 21 due to Covid, during which schools, colleges were closed and had shifted to online mode of education and offices also went into work from home mode. The market bounced back with 35% growth in FY 22 due to revival in demand post reopening of schools, colleges, and resumption of work from office. The Indian stationery and art materials market is expected to grow at a CAGR of ~13% during FY 23-28 period to reach a market value of INR 71,600 crore by FY 28.

As of FY 23, non-paper stationery contributes ~58% (INR 22,300 crore) to the Indian stationery and art materials market by value. Out of the total non-paper stationery market, writing instruments, office supplies and art and craft contribute ~60%, ~21% and ~5% respectively. Paper stationery contributes ~42% (INR 16,200 crore) to the Indian stationery and art materials market by value. Out of the total paper stationery market, notebooks and papers contribute ~65% and ~35% respectively.

Non-paper stationery category is expected to grow at a CAGR of ~14% during FY 23-28 period to reach a market value of INR 42,900 crore by FY 28. Paper stationery category is expected to grow at a CAGR of ~12% during FY 23-28 period to reach a market value of INR 28,700 crore by FY 28.

Exhibit 3.2: Indian stationery and art materials market – By Value (INR Crore) in FY



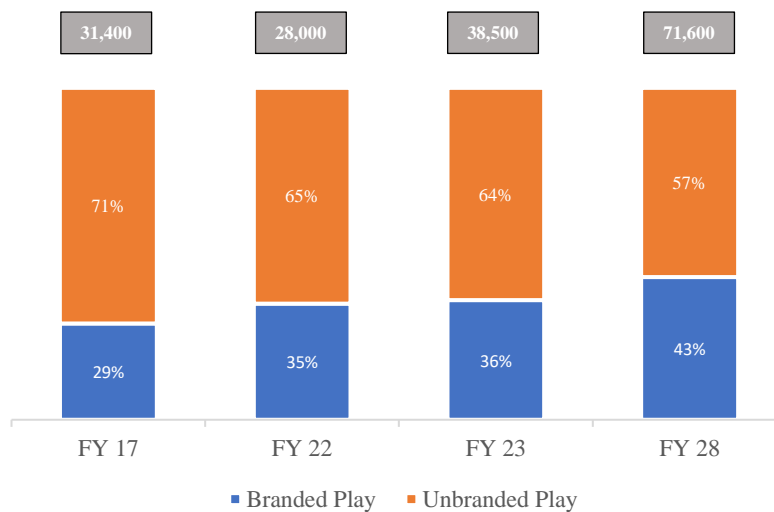
Source – Technopak Analysis

Note-This does not include exports.

Office supplies include files and folders, staplers, paper punches, stamp pad and inks etc., Art and Craft include basic arts products like crayons, oil pastels, sketch pens, poster colours etc. and fine arts products like water colours for artist, gouache colours, artist brushes, canvas board etc., Others include Technical instruments (mathematical instrument boxes and individual technical instruments such as protractor, T-square etc.), Computer Stationery (printer cartridges, printer inks etc.), Glues and Adhesives, Calculators, Erasers, Sharpener, scissors, chalks etc.

As of FY 23, Branded play controls nearly 36% (~INR 13,850 crores) of the stationery market in India. Branded play is estimated to capture ~43% (~INR 30,500 crores) market share by FY 28.

Exhibit 3.3: Share of Branded Play in Indian stationery and art materials market – By Value in % (in FY)



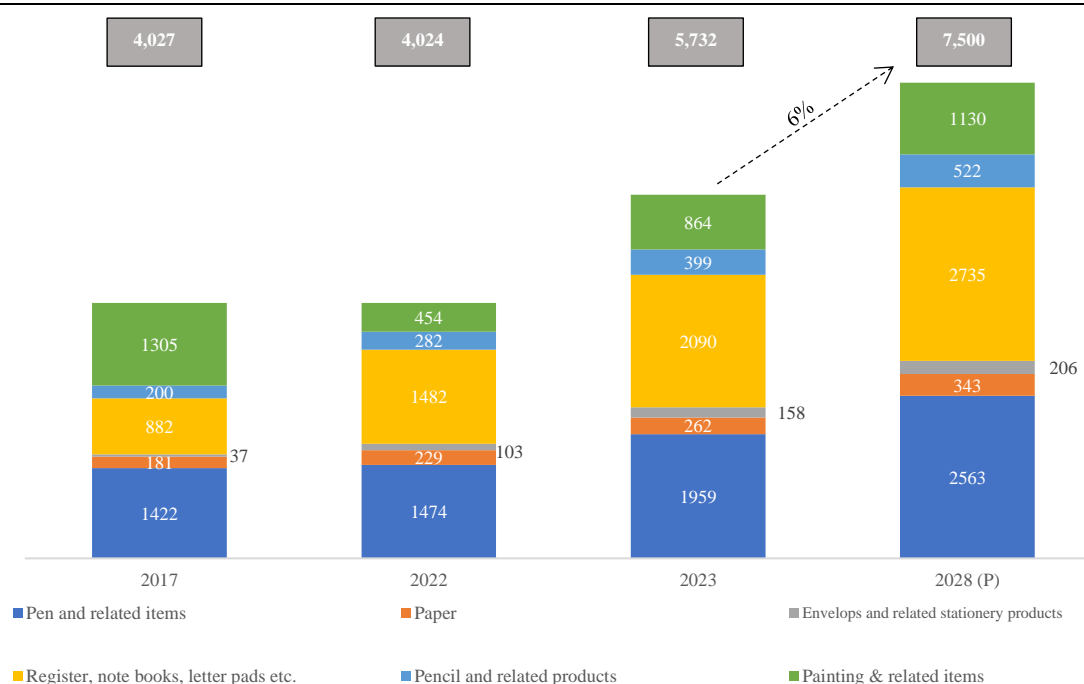
Source – Technopak Analysis

The 'stationery and art material' market in India has untapped potential in multiple categories with a limited presence of branded players. The market is gradually shifting towards branded play, because of shift in consumer preference towards premium and innovative products, GST implementation, branded players undertaking various brand building initiatives and economies of pan-India distribution network by branded players.

Export of Stationery and Art Materials Market Size in India

The exports of Indian stationery and art materials were valued at ~INR 5,732 crore in FY 23. Registers, notebooks, letter pads etc. and Pen and related items, constituted ~36% and ~34% respectively of the Indian stationery exports market. Painting and related items, Pencil and related items and Papers constituted ~15%, ~7% and ~5% respectively of the Indian stationery exports market. As of FY 23, India majorly exports to USA constituting ~28% of exports, followed by UK constituting ~7%. The Indian stationery and art materials exports market is expected to grow at a CAGR of ~6% during FY 23-28 period to reach a market value of INR 7,500 crore by FY 28.

Exhibit 3.4: Export of Stationery products – by Value in INR Crore (FY)



Source – TRADESTAT, Ministry of Commerce and Industry and Technopak Analysis

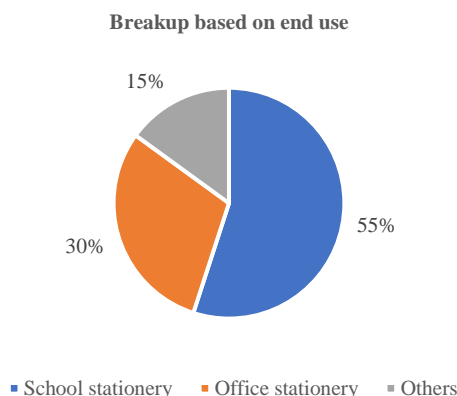
HS Code for Pen and related items: 9608, HS Code for Paper: 4821, HS Code for Envelops and related stationery products: 4817, HS Code for Register, notebooks, letter pads etc.: 4820, HS Code for Pencil and related items: 9609, HS Code for Painting & related items: 9701.

Note - Exports for Glues and Adhesives have not been included as Industrial glues and adhesives constitute a majority share of the exports.

By End Use Type

On the basis of end use, the Indian stationery and art materials market can be segmented into school stationery, office stationery and others. School stationeries are used by school and college going students and include products such as notebooks, pens, pencils, erasers, sharpeners, geometry box etc. Office stationeries are used by various corporates and include products such as files and folders, pens, markers, staplers, punching machine, glues etc. Apart from schools and offices, stationery and art material products are also used by artists and other professionals. As of FY 23, school stationery, office stationery and others constitute ~55% (~INR 21,175 crores), ~30% (~INR 11,550 crores) and ~15% (~INR 5,775 crores) respectively of the total Indian stationery and art materials market by value.

Exhibit 3.5: Breakup of Stationery and Art Materials Market based on end use

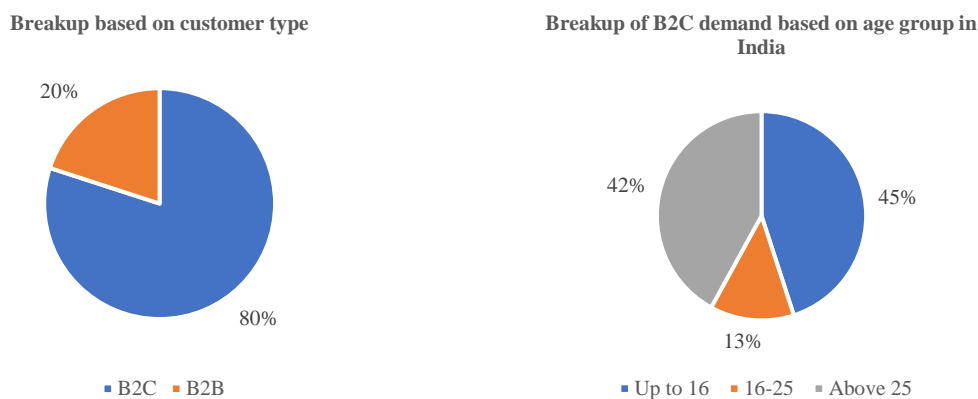


Source – Technopak Analysis

By Customer Type

On the basis of customer type, the Indian stationery and art materials market can be segmented into B2C (comprising demand generated by school and college students, corporate employees and artist and other professionals) and B2B (comprising demands from corporates, schools, and colleges). As of FY 23, B2C demand constitutes ~80% of the market by value, whereas B2B constitutes ~20%. On further categorisation of B2C demand on the basis of age group, students up to the age of 16 constitute ~45% of the total B2C demand by value, those between age group of 16 to 25 constitute ~13% and those above the age of 25 constitute ~42% by value. Out of the total demand generated by students, school going students up to class 10 (till age 16) generate ~77% of the demand, whereas college and higher education students generate ~23% of the demand.

Exhibit 3.6: Breakup of Stationery and Art Materials Market based on customer type and Breakup of B2C Stationery and art materials demand based on age group in India in FY 23



Source – Technopak Analysis

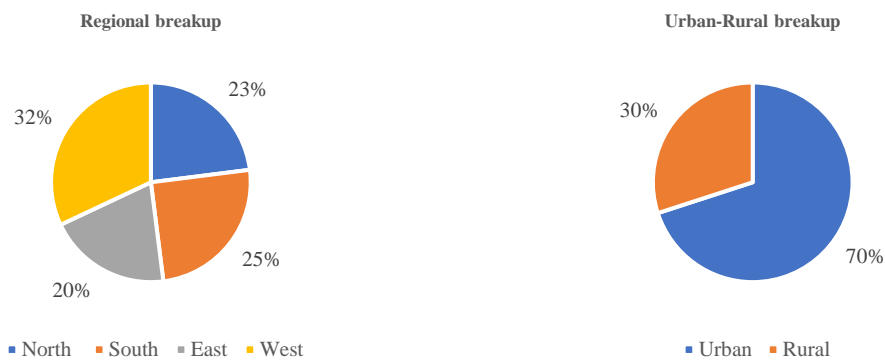
By Geography

On a regional level, West India dominates the market constituting ~32% of the market by value as of FY 23. East, North, and South regions constitute ~20%, ~23% and ~25% of the market by value.

**West India includes states of Gujarat, Goa, Maharashtra, and Madhya Pradesh. East India includes states of Bihar, Odisha, Jharkhand, Chhattisgarh, West Bengal and 8 north eastern states. North India includes states of Himachal Pradesh, Punjab, Uttarakhand, Uttar Pradesh, Rajasthan, Haryana. South India includes states of Andhra Pradesh, Telangana, Karnataka, Kerala, and Tamil Nadu.*

As of FY 23, urban India constitutes ~70% of the Indian stationery and art materials market by value, whereas rural India constitutes ~30% of the market by value.

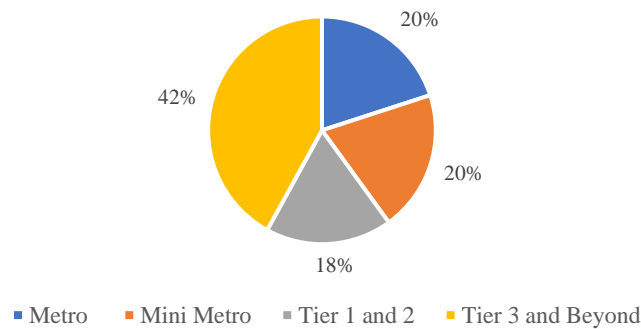
Exhibit 3.7: Regional and Urban-Rural breakup of the Stationery and Art Materials Market in India in FY 23



Source – Technopak Analysis

As per classification based on city type, metro cities constitute ~20%, Mini Metro cities constitute ~20%, Tier 1 and 2 cities constitute ~18%, and Tier 3 and beyond cities constitute ~42% of the Indian stationery and art materials market by value as of FY 23.

Exhibit 3.8: City wise breakup of the Stationery and Art Materials Market in India in FY 23



Source – Technopak Analysis

By Channel Type

Sales channel mix for stationery products in India consists of general trade (distribution and trade), direct institutional sales, modern trade, and e-commerce channel. The stationery segment is a distribution-led category wherein a large and efficient distribution network plays a key role in capturing the market. As of FY 23, sales of stationery products through general trade are ~ 70% and it is expected to continue to be a substantial channel of sales in upcoming years also. Direct institutional sales constitute ~ 20% of the sales mix. The share of modern trade and e-commerce sales channel constitute ~ 5% of the sales mix each and are the fastest growing channels.

Exhibit 3.9: Sales of Stationery and Art Materials Products across retail channel in FY 23



Source – Technopak Analysis

Retail sales channel for stationery products in India can be sub-categorized into organized and unorganized sales channels. The organized sales channel consists of modern trade (hypermarkets, supermarkets etc.) and e-commerce. The unorganized sales channel consists of general distribution and trade. Retail sales channel for stationery products are primarily dominated by unorganized sales channel, constituting ~88% of the market as of FY 23.

Exhibit 3.10: Share of different sub-categories of retail sales channel of Stationery and Art Materials Products in India -By Value in FY



Source – Technopak Analysis

The stationery industry is a distribution led traditional retailer driven category. A typical value chain involves the brands (manufacturers), distributors, retailers, and customers. Manufacturers in some cases sell directly to institutions. Schools, colleges, universities, corporates, and end consumers form the customer base of the stationery market. The distributor buys stationery products from brand manufacturer usually at discount of ~30-40% to maximum retail price (MRP). The distributor further sells the product to retailers and retains a margin of ~10%. Retailers sell the product to end consumers with a retained margin of ~25-30%. In scenarios where manufacturing brands sell directly to institutions, they give a discount of ~40-45% on the price.

Trends Shaping Indian Stationery and Art Materials Industry

In addition to the shift towards branded, the other trends shaping Indian stationery and art materials industry are:

Shift towards innovative and creative products

Indian stationery and art materials market is witnessing increased demand for innovative and creative products across price segments, as there has been a shift in consumer mindset towards products which are aesthetically designed and have good functionalities. Additionally, increase in disposable income of people have increased their purchasing power, which in turn has accelerated the demand for premium stationery products in India. Children, who are the influencers in this category are also becoming more and more conscious pertaining to their likes and dislikes, while purchasing such products, there by driving the demand of innovative and creative stationery products in Indian market. Owing to such shift in demand, stationery manufacturers are coming up with new products, having enhanced designs and superior functionalities and are adding innovation to their offerings. The products under the ‘DOMS’ brand are known for their product designing and premium quality.

Exhibit 3.11: Examples of innovative and creative products by different players

DOMS ERASNER (Eraser + Sharpener)



DOMS Sports Collectable Car Eraser



Apsara space-ship shaped sharpeners



Camel Child Grip Crayon Set



Cello Papersoft smooth long-lasting professional ball pens with superior writing experience



Source – Secondary Research

China plus one strategy

In 1990s, many global manufacturing entities in US, Europe etc. shifted their production facilities to China owing to favourable factors of production, which made it the centre of global supply chain. But in CY 21, during post pandemic recovery, when there was a surge in demand across the world, China's Zero Covid policy and supply chain disruption issues made it difficult for these manufacturing entities to meet the demand. As a result of this, companies are diversifying their business and investment out of China to alternative destinations. This China +1 phenomenon represents a great opportunity for India given its large manufacturing base, favourable factors of

production, strong business ecosystem, and incentivising government policies, which help in growing the exports potential of stationery from India. India witnessed an annual growth rate of 42% in FY 23 in stationery exports.

Rising Penetration of E-Commerce

With the advent of E-Commerce, the buying behaviour of consumers for stationery products have been transformed to a certain extent. Now the customers are purchasing products right from the comfort of their homes on online retailing platforms like Amazon and Flipkart, offering a wide range of products at competitive price levels with convenient delivery options. Even though the penetration of E-commerce has been gradual over the years, but it has definitely led to increased competition within Indian stationery and art materials market, thereby driving its growth.

Key growth drivers for Indian Stationery Industry

Favourable Demographics

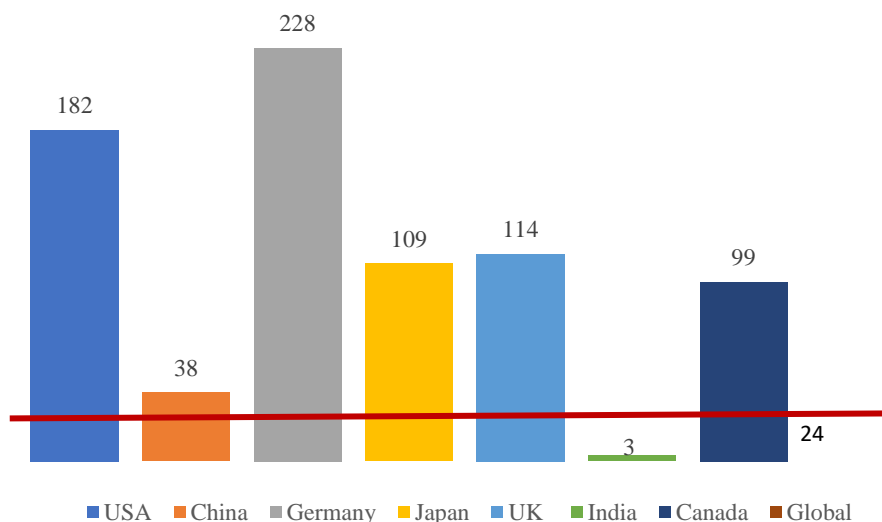
India has a higher share of youth population. “Youth in India 2022” report by Ministry of Statistics and Programme Implementation uses age group of 15 to 29 for defining youth. As of CY 21, ~26% of the population in India are in the age group of 0-14 and ~27% of the population belong to the young age group of 15-29. This signifies a huge potential for school, colleges, and other educational institutes, which in turn is going to drive the demand for stationery products in India. In addition to that, India also has a higher share of working age group in its population. As of CY 22, ~68% of the population belong to the working age group of 15 to 64 years. Such growing working class are going to drive the demand for office stationery in India.

Increasing ownership of stationery products per person

Consumers are now purchasing higher number of stationery products at a time. Students are buying multiple pens of different colours, multiple pencils, erasers etc. at a time. This increasing ownership of stationery products per person is driving the Indian stationery and art materials market by volume, thereby increasing its size by value.

Indicatively, the global average of per capita consumption of stationery by value is estimated to be ~US\$ 24 in CY 22. India’s per capita consumption of stationery by value is low, as compared to other countries like Germany, USA, UK and Japan, at ~US\$ 3, there by suggesting immense headroom for growth in future. Additionally, per capita consumption of pencils by volume is low for India at ~3, as compared to other countries like USA which is at ~6, thereby suggesting immense growth potential in such product categories. Such increase in per capita consumption of stationery products will help drive demand in India.

Exhibit 3.12: Per Capita Consumption of Stationery – by value (in US\$) in CY 22

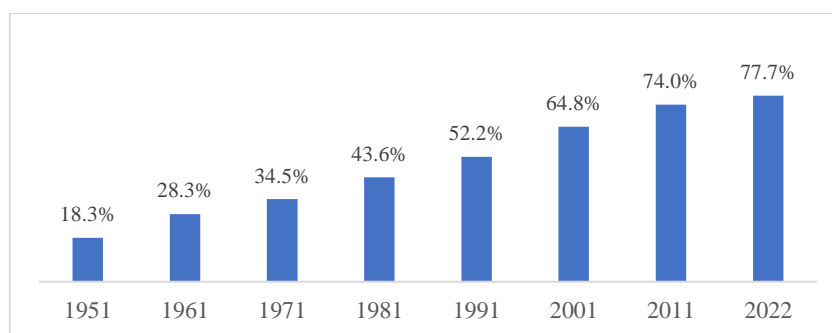


Source – Technopak Analysis

Rising Literacy rate of India

India's literacy rate in CY 22 was 77.7%, which was ~65% in CY 01. Various government initiatives for improving literacy such as New India Literacy Programme (NILP), Right to Education Act (RTE) 2009, Sarva Siksha Abhiyan, NIPUN Bharat Scheme etc. along with increasing investments by Central and State governments on education sector, have contributed immensely towards the growth in literacy rate. Therefore, this rising literacy rate along with high population growth rate is going to provide a huge customer base for Indian stationery and art materials market in future, there by serving as a key growth driver.

Exhibit 3.13: Literacy Rate in India (CY)



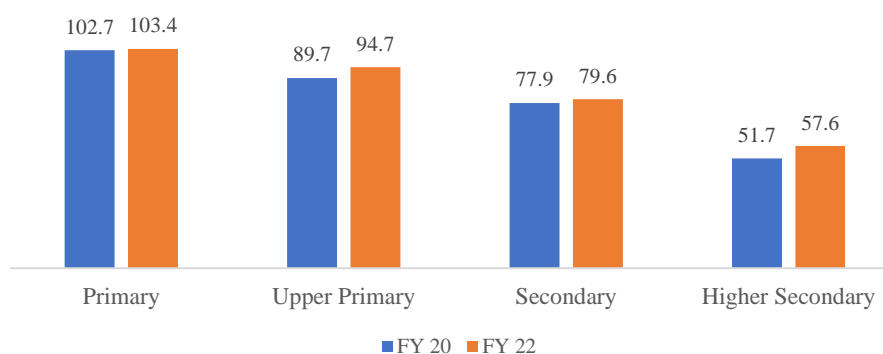
Source – (1951-2011): Census Documents, 2022: National Survey of India

Note: According to Census 2011, a person aged seven and above, who can both read and write with understanding in any language, is treated as literate.

Improvement in Gross Enrolment Ratio (GER) and increase in number of schools and institutions

As of FY 22, ~1 crore children were enrolled in pre-primary (<Class 1), ~12.2 crore in Primary (Class 1 to 5), ~6.7 crore in Upper Primary (Class 6 to 8), ~3.9 crore in Secondary (Class 9 to 10) and 2.9 crore in Higher Secondary (Class 11 to 12). GER is defined as total enrolment in a particular level of school education, regardless of age, expressed as a percentage of the population of the official age-group which corresponds to the given level of school education in a given school year. GER has increased from 102.7 in FY 20 to 103.4 in FY 22. Similarly, for Upper primary, GER has increased from 89.7 in FY 20 to 94.7 in FY 22 and for secondary, it has increased from 77.9 in FY 20 to 79.6 in FY 22. Higher secondary saw the highest increase in GER of ~11% from 51.7 in FY 20 to 57.6 in FY 22. As of FY 22, there are 26.5 crore student studying across 14.9 lakh schools in India. As of FY 21, ~4.1 crore students are studying in higher education across 56,200 higher education institutes in India. Such larger number of schools and institutions along with improvement in GER is going to immensely increase the consumer base for stationery products, there by driving its demand.

Exhibit 3.14: School Gross Enrolment Ratios in FY



Source – Economic Survey 2022-23

Integration of arts and crafts in school curriculums

Continuous emphasis is being given to arts and crafts education in school curriculums as it helps in developing basic skills including creativity and thinking from a young age. Parents are also realising the importance of overall personality development from a young age and hence are encouraging their children to undertake extracurricular activities such as art and craft projects.

Increasing private coaching segment

In India, many students opt for private tuition and coaching at school and university level for preparation of school exams, board exams, competitive exams etc. As a result of which many private coaching institutions and ed-tech companies are opening now a days. This had led to increase in per person spending on stationery items as additional notebooks, pens, pencils etc. are required for coaching. Additionally, such institutes and ed-tech companies give branded kits to their students including notepads, pens, highlighters etc. As of CY 22, the market size of Indian coaching industry is ~INR 58,100 crores by value, which is projected to reach ~INR 1,34,000 crores by CY 28. This is going to drive the demand for stationery products in India.

Gifting Trends

Corporate gifting has become an important part of businesses. Corporates give stationery gifts to clients and employees in order to maintain good relationships. Innovative and customised stationery products such as customised pens with company's brand logo on it, are one of the most preferred choices for corporate gifting. Such gifting trends are going to drive the demand for stationery products especially of premium category in India. Additionally, Children are also given kits and combos stationery gifts by parents on their birthdays and as return gift. Prominent players like DOMS, Kokuyo Camlin are manufacturing attractive combos and kits set. This gifting trend among children is also going to drive the stationery market in India.

Exhibit 3.15: Examples of Gifting products by different players



Source – Secondary Research

Impulse Purchase

Impulsive purchase is high in the stationery category. People tend to purchase pens, pencils, notebooks etc. at retail store without any prior planning. Macro factors such as increasing disposable income, increase in per capita income, improvement in living standards etc. are further increasing the impulse purchase in this category. Such consumer behaviour is likely to drive the Indian stationery and art materials market by volume, thereby increasing its size by value.

Policy Reforms

Various policy reforms have been incorporated by Government of India (GOI) to develop education infrastructure and improve teaching and learning accessibility. Such interventions are going to contribute towards the growth of education industry in India. As of FY 22, the Indian educational industry is valued at INR 10,55,340 crores, which is expected to grow at a CAGR of 14% to reach INR 20,29,500 crores by FY 27. Such growth in educational industry is going to boost the demand for stationery products in India.

- **New India Literacy Programme:** This is a centrally sponsored scheme, which aims to support the States and Union Territories in promoting literacy among non-literates in the age group of 15 and above. The scheme has been approved with a financial outlay of ~Rs 1,038 crores including Central share of Rs 700 crores and State share of Rs 336 crores. The scheme will cover 5 crore non-literates during the implementation period from CY 22 to CY 27.
- **National Education Policy 2020:** This policy aims at reforming Indian education system by ensuring universal access of world-class education at all levels of schooling from pre-primary school to Grade 12, by ensuring quality early childhood care and education for all children between 3-6 years etc.
- **Samagra Shiksha Scheme:** The scheme is an overarching programme for the school education sector extending from pre-school to class 12. It has been prepared with the broader goal of improving school effectiveness measured in terms of equal opportunities for schooling and equitable learning outcomes. Under this scheme, GOI has approved a financial outlay of Rs 2,94,283 crores from CY 21 to CY 26.
- **NIPUN Bharat Programme:** The main objective of the programme is to ensure that every child in the country attains foundational literacy and numeracy by the end of Grade 3, by CY 27.
- **SWAYAM (Study Webs of Active Learning for Young Aspiring Minds):** SWAYAM is an Indian Massive Open Online Course (MOOC) platform, offering free access to quality online courses from Class 9 till post-graduation to all, especially the underprivileged section in the country.
- **PM POSHAN:** Earlier known as the Mid-day Meal Scheme, PM POSHAN is an initiative designed to enhance the enrolment, retention and attendance and simultaneously improve nutritional levels among school going children studying in Classes I to VIII. The PM POSHAN scheme covers 12 crore children in India and is considered to be one of the world's largest school meal programmes.

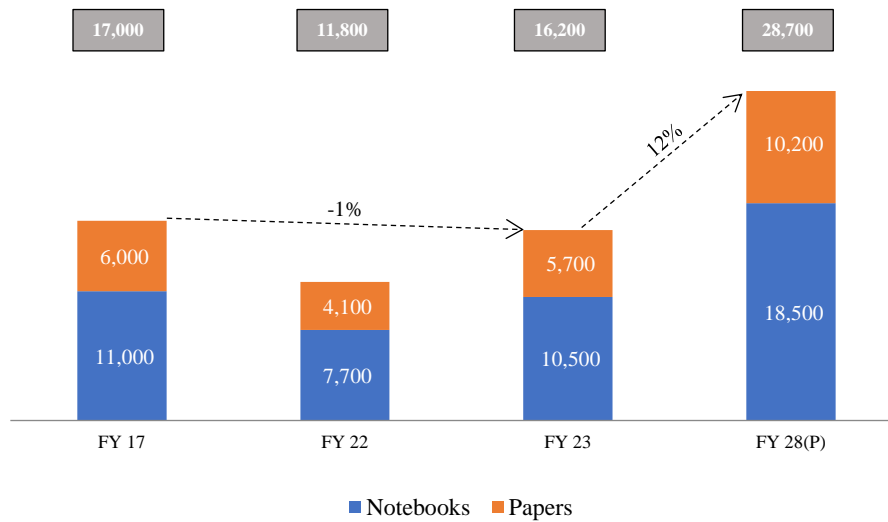
CSR Initiatives by different companies with focus on education

Many companies are making substantial investments to improve the quality of education in India, as a part of their mandatory CSR activities, which includes conducting school enrolment awareness programs/events, giving scholarships (merit and need based assistance), improving the infrastructure of schools, and providing a pleasant learning environment to children etc. For example, the CSR initiative named "School and Teacher Education Reform Programme" by ICICI Bank has covered 3 million+ students and ~3 lakhs teachers have benefitted out of it. Through "Project Nanhi Kali", which is a CSR initiative by Mahindra group to support education for underprivileged girls in India, ~5,50,000+ girls have benefitted since 1996. Such activities are going to boost the institutional / B2B demand for stationery products in India.

Indian Paper Stationery Market

Paper stationery market in India comprises of notebooks and papers. As of FY 23, the Indian domestic paper stationery market is INR 16,200 crore by value and is expected to grow at a CAGR of ~12% till FY 28 to reach a market value of INR 28,700 crore. In FY 23, notebooks formed the major share within the paper stationery market, constituting ~65% (INR 10,500 crore) by value and papers constituted ~35% (INR 5,700 crore) by value. In terms of volume, market size of notebooks is ~350 crore as of FY 23.

Exhibit 3.16: Indian Paper Stationery Market – By Value (INR Crore) in FY



Source – Technopak Analysis

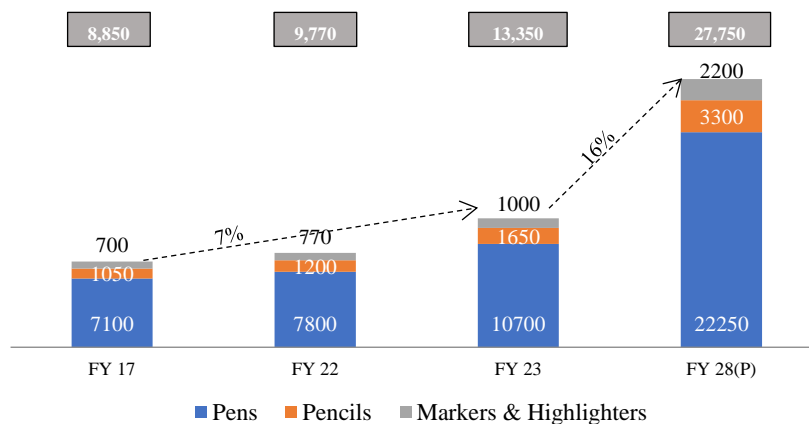
Note-This does not include exports

Indian Writing Instrument Market

Writing Instrument Market Size

Writing instrument market in India comprises of pens, pencils and markers and highlighters. As of FY 23, the Indian domestic writing instrument market is INR 13,350 crore by value and is expected to grow at a CAGR of ~16% till FY 28 to reach a market value of INR 27,750 crore. In FY 23, Pens formed the major share within the writing instrument market, constituting ~80% (INR 10,700 crore) by value and are primarily driven by volume. Pencils constituted ~12% (INR 1,650 crore) and markers and highlighters constituted ~8% (INR 1,000 crore) of the Indian writing instruments market by value. In terms of volume, market size of pens, pencils and markers and highlighters are ~1,000 crore, ~400 crore and ~50 crore respectively as of FY 23.

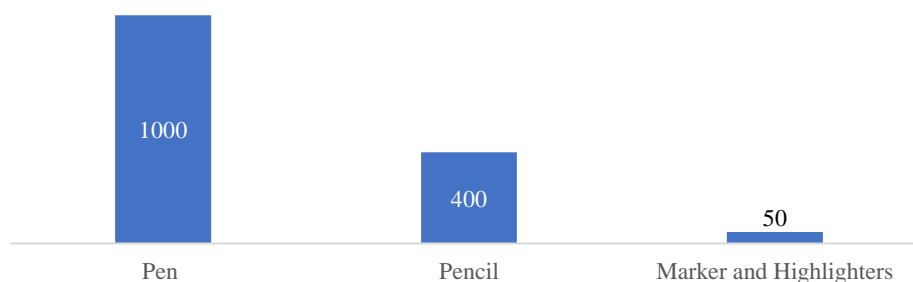
Exhibit 3.17: Indian Domestic Writing Instrument Market – By Value (INR Crore) in FY



Source – Technopak Analysis

Note-This does not include exports.

Exhibit 3.18: Indian Domestic Writing Instrument Market – By Volume (in Crore) in FY 23



Source – Technopak Analysis

Key Sub-Categories of Writing Instruments

Exhibit 3.19: Sub-Categories of Indian Writing Instruments Industry and their product types – by Value in FY 23

Sub-Category	Market Share by Value in Indian Writing Instruments Industry	Product Type	Market Share by Value in sub-category
Pen	80%	Ballpoint	68%
		Gel	20%
		Rollerball	12%
Pencil	12%	Wooden	92%
		Polymer	7%
		Mechanical	1%
Markers and Highlighters	8%	-	-

Source – Secondary Research and Technopak Analysis

Pens: On the basis of product type, pens can be sub-categorised into ballpoint pen, gel pen and rollerball pen. As of FY 23, ballpoint pens capture ~68% of the pen market in India by value, followed by gel pens and rollerball pens capturing ~20% and ~12% of the market by value. Based on price points, pens can be classified into mass market, premium and super premium pens. Generally, pens priced up to INR 15 are referred to as mass market pens, those priced between INR 15 to INR 400 are referred to as premium pens and those priced above INR 400 are referred to as super premium pens. The mass market pens constitute ~80% of the pen market in India by value. Mass market segment is primarily driven by volume and price point becomes critical in this (difficult to increase price). Students and corporate supplies are the primary customer segment of mass market pens. Premium segment is driven by both price and volume, where in the premiumisation is built on product design and branding. These are primarily used by professionals and in corporate giftings. Super premium segment is primarily driven by price. There are also many international players like Muji, Parker and Montblanc offering pens in premium and super premium segment.

Exhibit 3.20: Price segmentation of Pens in India and their Market Share - by Value in FY 23

Segments	Price Points	Market Share by Value	Leading players
Mass market	Up to INR 15	80%	Linc, Flair, Cello
Premium	INR 15 – INR 400	16%	Luxor, Cello, Flair
Super Premium	>INR 400	4%	Parker, Montblanc

Source – Secondary Research and Technopak Analysis

Pencils: Pencil is the first writing instrument that children use during early years of school, and it continues to be the main writing instrument till standard V. Apart from students, architects and artists are also users of pencils. Apart from schools, colleges and offices, pencils are also used extensively in hotels and events such as conferences, seminars etc. Leading stationery brands like DOMS and Hindustan Pencils have introduced pencils of different colours and shapes, leading to the increasing demand from consumers because of their preference for attractive and good functionalities products. An example of this is ‘DOMS’ zoom triangle pencil. Prior to its launch in 2010, most of the pencils sold in India were hexagonal in shape.

Pencils can be sub-categorised into Wooden pencils, Polymer pencils and Mechanical pencils, where in wooden pencils constitute the majority share (~92%) by value as of FY23. Wooden pencils are available in different graphite gradings. Key players like DOMS are also manufacturing polymer pencils in which the lead is made from graphite mixed with a polymer, which makes the lead smoother. As of FY 23, polymer pencils constitute ~7% of the Indian pencil market by value while mechanical pencils constitute a minor share of the overall market. Based on price points, pencils can be classified into mass market, premium and super premium pencils. Pencils priced up to INR 5 are referred to as mass market pencils, those priced between INR 5 to INR 20 are referred to as premium pencils and those priced above INR 20 are referred to as super premium pencils. The mass market pencils constitute ~85% of the pencils market in India by value, followed by premium and super premium pencils, constituting 14%-15% and <1% respectively. Wooden and polymer pencils largely constitute the mass and premium segment pencils and mechanical pencils largely constitute the super-premium segment pencils. DOMS enjoys a dominant market share of ~29% in the overall pencils market by value in FY 23.

Exhibit 3.21: Price segmentation of Pencils in India and their Market Share - by Value in FY 23

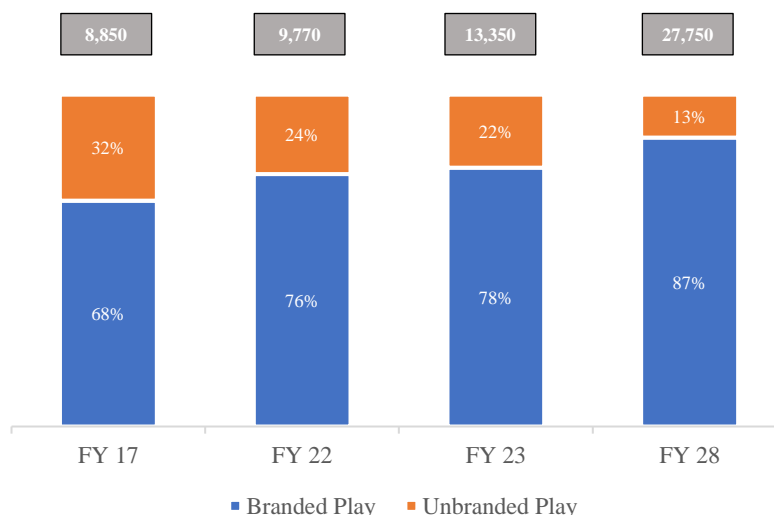
Segments	Price Points	Market Share by Value	Leading players
Mass market	Up to INR 5	85%	DOMS, Hindustan Pencils
Premium	INR 5 – INR 20	14%-15%	DOMS, Kokuyo Camlin, Hindustan Pencils
Super Premium	>INR 20	<1%	Faber Castell, Staedtler

Source – Secondary Research and Technopak Analysis

Markers and Highlighters: Markers can be sub-categorised into permanent markers, overhead projector (OHP) markers and whiteboard markers. Markers and highlighters are used in both schools and corporates.

Indian writing instrument market is primarily dominated by branded companies and its share has been growing over the last few years. As of FY23, the Branded share controls nearly 78% (~INR 10,410 crores) of the writing instrument market in India. It is estimated to capture ~87% (~INR 24,140 crores) market share by FY 28. Change in consumer preference towards premium, innovative and customised products, advent of GST regime, above the line (ATL) focussed brand building by branded players and strong distribution network of branded players servicing extensive retail footprint are going to serve as key success factors for branded players.

Exhibit 3.22: Share of Branded Play in Indian Writing Instrument Market – By Value in % (in FY)



Source – Technopak Analysis

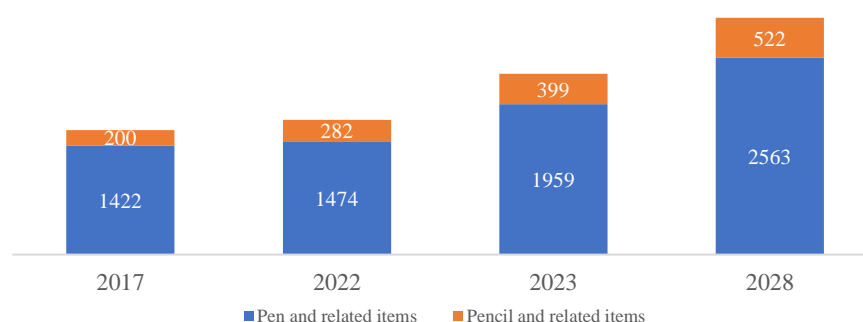
All the key trends shaping Indian stationery and art materials market such as shift towards branded play, shift towards innovative and creative products, rising penetration of e-commerce etc. are also going to shape the Indian writing instruments market, and all the key growth drivers for Indian stationery and art materials market such as

favourable demographics, short replacement cycle, increasing ownership of pens per person, improvement in GER, increase in number of schools and institutions, gifting trends, impulse purchase, policy reforms by Government of India etc. are also going to drive the Indian writing instruments market.

Exports of Writing Instruments

Indian writing instrument product exports were valued at ~INR 2,358 crore in FY 23. Pen and related items formed the majority share constituting ~83% of the total writing instrument exports. India majorly exports to USA constituting ~22% of exports, followed by UAE constituting ~6%, as of FY 23. Indian stationery exports are expected to grow at a CAGR of ~6% over FY 23-28 to reach a market value of INR 3,085 crore by FY 28.

Exhibit 3.23: Export of Writing Instrument Products – by Value in INR Crore (FY)

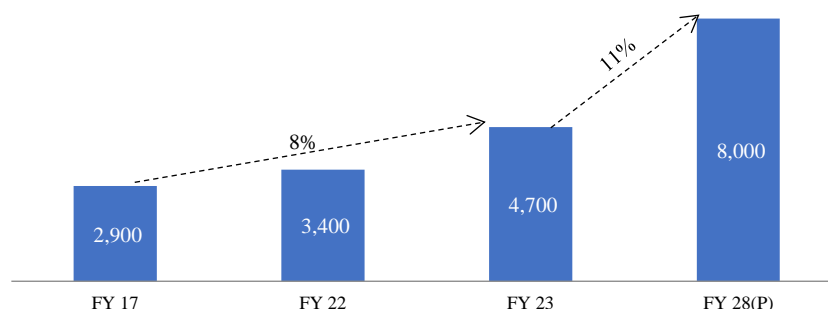


Source – TRADESTAT, Ministry of Commerce and Industry and Technopak Analysis
 HS Code for Pen and related items: 9608, HS Code for Pencil and related items: 9609

Indian Office Supplies Market

Office supplies market in India comprises of files and folders, staplers, paper punches etc. As of FY 23, the Indian office supplies market is INR 4,700 crore by value and is expected to grow at a CAGR of ~11% till FY 28 to reach a market value of INR 8,000 crore.

Exhibit 3.24: Indian Office Supplies Market – By Value (INR Crore) in FY

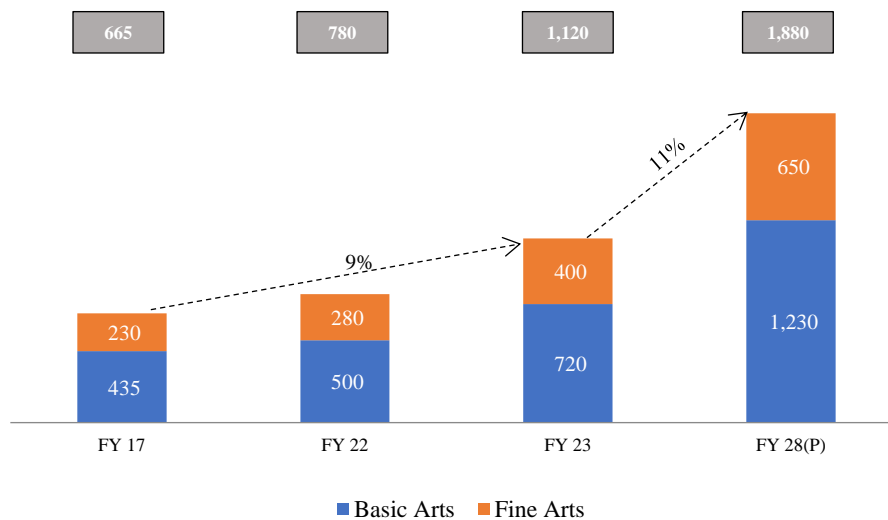


Source – Technopak Analysis
 Note-This does not include exports

Indian Arts and Craft Market

The arts and craft market in India comprises of basic arts products and fine arts products. 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. As of FY 23, the Indian arts and craft market is INR 1,120 crore by value and expected to grow at a CAGR of ~11% till FY 28 to reach a market value of INR 1,880 crore. In FY 23, basic arts products formed the major share within the art and craft market, constituting ~64% (INR 720 crore) by value and fine arts products constituted ~36% (INR 400 crore) by value.

Exhibit 3.25: Indian Art and Craft Market – By Value (INR Crore) in FY



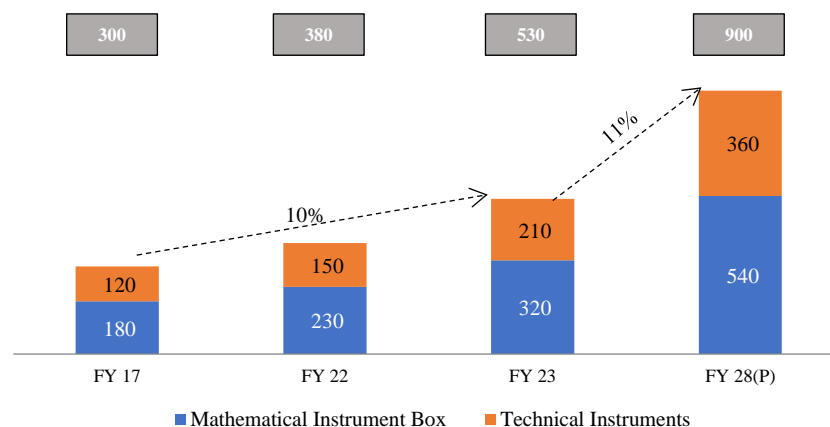
Source – Technopak Analysis

Note-This does not include exports

Indian Technical Instruments Market

The technical instruments market in India comprises of mathematical instrument boxes and technical instruments (available in individual packages) such as ruler, compass, T square, protractor, mini drafter etc. As of FY 23, the Indian technical instruments market is INR 530 crore by value and is expected to grow at a CAGR of ~11% till FY 28 to reach a market value of INR 900 crore. In FY 23, mathematical instrument box formed the major share within the technical instrument market, constituting ~60% (INR 320 crore) by value and technical instruments constituted ~40% (INR 210 crore) by value. DOMS enjoys a market share of ~30% in the mathematical instrument box market by value in FY 23.

Exhibit 3.26: Indian Technical Instruments Market – By Value (INR Crore) in FY



Source – Technopak Analysis

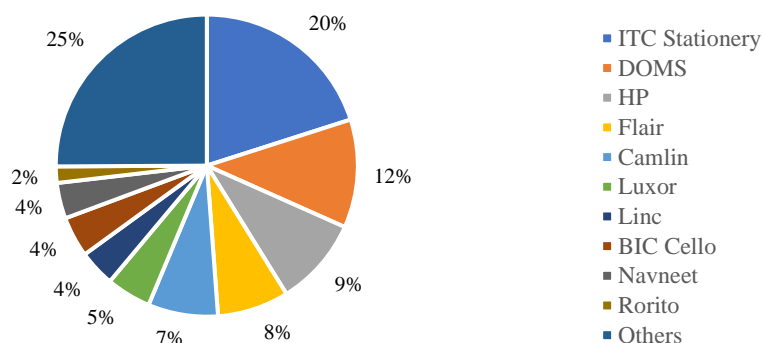
Note-This does not include exports

Key Players in the Stationery and Art Materials Industry

Nearly 36% (~INR 13,850 crores) of the stationery and art materials market in India is controlled by branded peers in FY 23. Within the domestic market, ten players namely ITC, Hindustan Pencils, DOMS, Camlin, Flair, Luxor, Linc, BIC Cello, Navneet, Rorito garner ~ 75% market share. Basis revenue from operations in FY 23, ITC is the market leader having ~ 20% market share by value, followed by companies like DOMS (~ 12% market share), Hindustan Pencils (~ 9% market share), Flair (~ 8% market share) and Camlin (~ 7% market share).

Stationery and art materials is a distribution led category wherein the role of distributors and retail touchpoints is critical for capturing the market. DOMS is the second largest player in India's branded 'stationery and art' products market, with a market share of ~12%, by value, as of FY 23. It has 4,000+ distributors, 120+ super stockists spread across pan-India and has 1,20,000+ retail touchpoints as of September 30, 2023. DOMS offers a diverse portfolio of products, which occupy leadership positions in multiple of their respective product market categories in India.

Exhibit 3.27: Market share of players in Domestic Branded market in India – By Value (in FY 23)



Source – Technopak Analysis

Exhibit 3.28: Select Financial Metrics for Branded Players in FY 23

Player	Revenue (INR Crore)	Domestic Sales (INR Crore)	Export Sales (INR Crore)	Gross Margin (%)
DOMS	1,232	974	258	37%
Kokuyo Camlin	775	742	33	37%
Hindustan Pencils	1,100	955	150	NA
Navneet	947	380	567	50%
Luxor	490	475	14	41%
Linc	487	386	101	40%
Flair	943	758	185	46%
Rorito	174	174	0	40%
BIC Cello	550	429	121	NA
ITC Stationery	2,456	2,010	446	NA

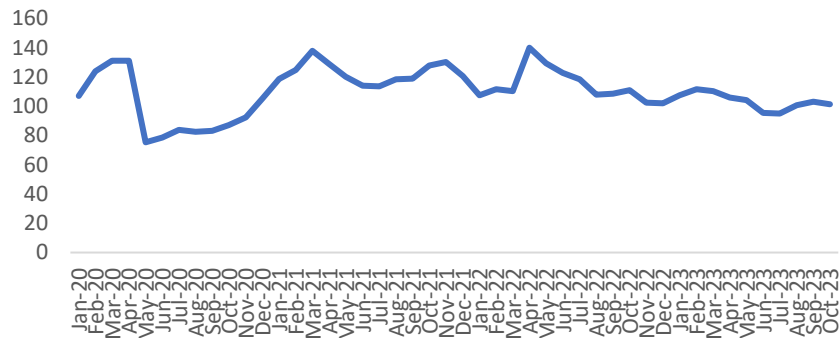
Source – Technopak Analysis, NA – Not Available; Note – 1) Revenue is the total revenue from operations from stationery segment of each player; 2) Numbers are rounded up to zero decimal places. Exports of Hindustan Pencils and BIC Cello are estimated basis earlier export numbers.

Key Challenges

Volatility in prices of raw materials

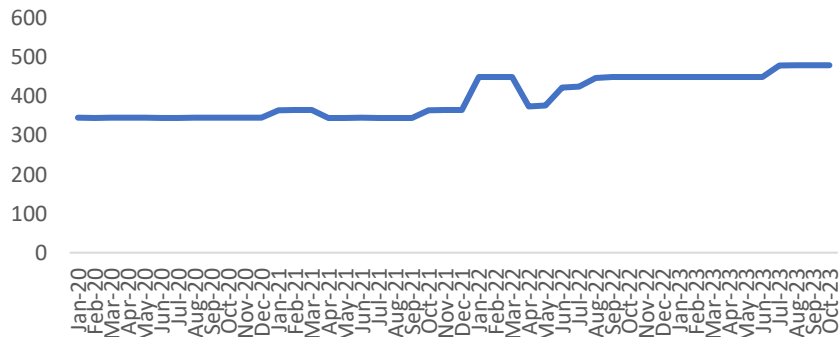
Prices of raw materials involved in manufacturing of pens such as polypropylene have been volatile over the past few years. The price of polypropylene was INR 131 per kg in March 2020, which came down to INR 79 per kg in June 2020 and then again increased to INR 138 per kg in March 2021. Prices of poplar blocks, which are used as raw material in manufacturing of pencils, have also exhibited volatility over a certain period range in last few years. The price of one unit of poplar block was INR 365 in Dec' 2021, which increased to INR 450 in Jan' 2022 and then again came down to INR 375 in April 2022. These volatility in prices poses key challenge to stationery manufacturers as increase in price of polypropylene leads to increase in raw material costs. This increase can either be passed on to the consumer or absorbed by the manufacturer or a combination of both. In volume driven category, where price point becomes critical, the corresponding increase in raw material costs is primarily absorbed by the manufacturers, thereby impacting the overall margin structure of the players. However, in high margin products, the corresponding increase in raw material cost is also passed on to the consumers. Therefore, the industry follows a combination of both absorption of costs and passing on the increase in cost to consumers.

Exhibit 3.29: Price of Polypropylene B400 MN per kg from CY 20 to CY 23 October



Source – Technopak Analysis

Exhibit 3.30: Price of Poplar blocks per unit from CY 20 to CY 23 October



Source – Technopak Analysis

Intense Competition

Several companies have entered the stationery market with attractive and differentiated offerings at similar / lower price points, thereby, compelling existing players to come up with continuous innovation in order to maintain and grow their market share. Many companies are also diversifying into new stationery categories in order to increase their market share. Additionally, branded players through above the line (ATL) focussed brand building are concentrating on further increasing their market share in stationery market. All these have given rise to intense competition in stationery market in India.

Digitalisation

Digitalisation is transforming the education ecosystem works, with increased adoption of digital technologies in corporates, schools, and colleges. The degree of digitalisation is higher in case of corporates, because of which there has been some impact on paper stationery products, office supplies etc. While in education sector, digitalisation is happening at a faster rate, which was clearly visible during Covid, but after reopening of schools, colleges, and offline coaching post covid, the usage of digital technologies has been limited. Therefore, in future both conventional stationery and digital technologies will go hand in hand in Indian education sector with conventional stationery being prevalent.

Competitive Landscape

There are many fundamental and long-term macro drivers and opportunities such as increase in gross enrolment ratio, increase in number of schools and institutions, various policy reforms by Government of India to develop education infrastructure in the country etc. that are going to drive the growth of stationery market in India. Various branded players like DOMS, Kokuyo Camlin, Hindustan Pencils etc. are focusing on brand building and are positioning themselves as reliable brands delivering products which are aesthetically designed and have good functionalities, as well as coming up with innovative and creative stationery products at similar price points.

Product Categories of Stationery

The stationery market in India has a wide range of products, and can be broadly sub-divided into notebooks, writing instruments, office supplies, art and hobby materials etc. Key branded players are present across multiple categories. DOMS has the widest breadth of product categories amongst peers in India and are amongst the few ‘stationery and art material’ products manufacturing and marketing companies globally with such product breadth. Among other factors, their presence across multiple categories and price points has enabled them to be the fastest growing ‘stationery and art material’ products company in India in terms of revenue over the period from Fiscal 2020 to Fiscal 2023.

Exhibit 3.31: Presence of Key Players in different categories

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

Source – Company Website and Technopak Analysis

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.

Exhibit 3.32: Brands and Number of Product Categories of Key Players

Player	Brands	Number of Product Categories
DOMS	DOMS, C3, AMARIZ, Fixy Fix	11
Kokuyo Camlin	Camlin, Camel	10
Hindustan Pencils	Nataraj, Apsara, Nataraj Pens	7
Navneet	Navneet, Youva	10
Luxor	Luxor, Parker, Waterman, Pilot, Schneider	5
Linc	Linc	8
Flair	Flair World Class Pens, Hauser Germany, Pierre Cardin Paris, Rudi Kellner Germany, Flair Creative, Flair Electronic Calculator, Hauser Artz, ZIG	9
Rorito	Rorito	5
BIC Cello	BIC Cello	7
ITC Stationery	Classmate, Paperkraft	9
Kangaro	Kangaro	1

Source – Company Website and Technopak Analysis, NA-Not Available

Manufacturing Capabilities, Distribution and Retail Network

The stationery and art materials industry is fragmented and distribution-led, and entry barriers include economies of scale, high capital requirements, extensive distribution network and retail footprints.

Key players in Indian stationery and art materials market are able to create brand value by producing high quality, innovative and creative products through their state-of-the-art manufacturing facilities. They have been able to increase their share in the market through strong distribution network servicing extensive retail footprints across India. Key players like DOMS have 3,750+ distributors, 100+ super stockists spread across pan-India and has 1,15,000+ retail touchpoints as of FY 23. Further, DOMS's Umbergaon manufacturing facility is spread over ~ 34 acres of land covering ~ 1.18 million square feet and is one of the largest stationery manufacturing facilities in India.

Backward integration is another critical success factors for companies in this industry. For example, DOMS has a backward integrated manufacturing process for mathematical instrument boxes. This provides them significant efficiencies, leading to a market leadership position in this product category in a very short period of time.

Exhibit 3.33: Manufacturing facilities, Distribution and Retail Touch Points of key players in FY 23

Players	Manufacturing facilities	Super Stockists / Distributors	Retail Outlets
DOMS	Manufacturing facilities are in Umbergaon, Gujarat and Jammu & Kashmir, India. The Company's Manufacturing activities are spread across 1 million square feet of built-up area. Annual Installed capacity: Wooden Pencils: 1,512 million, Crayons: 1,058 million, Mathematical Instrument Box: 15 million, Water Colour Pens (Sketch Markers): 70 million packs, Erasers: 650 million, Exercise books: 36.72 million, Polymer Pencils: 396 million, Sharpener: 420 million, Ball Point Pens: 250 million, Drawing & Sketch Book: 7.56 million, All Types of Markers: 43.50 million, Water Colour Cakes: 122.40 million, Tempera Colour: 18.75 million packs, Scales: 135 million	Super Stockists: 100+, Distributors: 3,750+	1,15,000+
Kokuyo Camlin	Two manufacturing facilities in Patalganga and Tarapur.	NA	3,00,000+
Hindustan Pencils	10 factories spread across 5 different locations in India. Capacity: 8 million pencils, 1.5 million sharpeners, 2.5 million erasers, 0.2 million scales, 1 million pens daily	NA	NA
Navneet	3 manufacturing units in Maharashtra, Gujarat & Silvassa.	Distributors: 1800+	48,000+

Luxor	Seven manufacturing facilities in Delhi-NCR and Mumbai (one manufacturing unit in Gurgaon, four manufacturing units in Noida, U.P, one manufacturing in Haridwar and one in Mumbai, Maharashtra). Capacity: 7 million + pens per day	NA	NA
Linc	Manufacturing facilities are located in Umbergaon (Gujarat), Falta (SEZ) and Serakole (West Bengal) Capacity: 10 lakh pens per day	Distributors: 2650+	2,18,000+
Flair	Eleven manufacturing plants, three in Valsad, Gujarat; one in Naigaon (near Mumbai), Maharashtra; five in Daman, Union Territory of Dadra and Nagar Haveli and Daman and Diu; and two in Dehradun, Uttarakhand. Capacity: annual production of 1,474 million pieces of various stationery products (pens, pencils, crayons, calculators etc.)	7,754	3,15,000
Rorito	Large manufacturing base with facilities in Chennai and Pondicherry	Redistribution Stockists: 1800, Main Stockists: 27	3,00,000
BIC Cello	Five manufacturing plants in India, three in Daman, one each in Gujarat and Uttarakhand	NA	NA
ITC Stationery	NA	NA	NA

Source – Annual Report, Company Website, NA – Not Available

Diversity Metrics of key players

Indian stationery and art materials market exported products valued ~INR 5,732 crore in FY 23 to major export markets like USA. Many branded players are generating a significant share of their revenue through exports. Key players like DOMS have exported stationery products valued INR 258 crores in FY 23.

Key players in the industry generate a substantial share of their revenues from a single category. For example, players like Hindustan Pencils and Luxor generate ~60% and ~75% respectively of revenue from its largest category. On the other hand, DOMS generated only ~34% of revenue from its largest category in FY23, lowest among its peers, showcasing a de-risked business profile and headroom to grab market share across categories.

Exhibit 3.34: Diversity Metrics of key players in FY 23

Player	Contribution from Largest Segment	Domestic Sales (%)	Export Sales (%)
DOMS	~34%	79%	21%
Camlin	~80%	96%	4%
Hindustan Pencils	~60%	87%	13%
Navneet	~80%	40%	60%
Luxor	~75%	97%	3%
Linc	~92%	79%	21%
Flair	~86%	80%	20%
Rorito	~75%	100%	0%
BIC Cello	~80%	78%	22%
ITC Stationery	~85%	82%	18%

Source – Technopak Analysis

Note- The segments in consideration for above analysis are writing instruments, paper stationery, art and craft and others. Exports of Hindustan Pencils and BIC Cello are estimated basis earlier export numbers.

Consumer following of key players

To further enhance the brand's positioning as B2C players over the years, many companies have been investing in social media marketing. Top branded stationery players have already established their presence in leading social media channels like Instagram, YouTube, Facebook etc. These social media channels are immensely powerful marketing tools that helps the company connect with a large number of audience, increase brand awareness, and increases sales.

DOMS is among the topmost followed stationery and art material brands in India with a large following of over 1 million followers on YouTube, and over 40,000 followers on Instagram.

Exhibit 3.35: Social medial following of key players (in '000) as of November 08, 2023

Player	Followers on YouTube	Followers on Instagram
DOMS	1,010	41.6
Camlin	38.4	94.6
Hindustan Pencils	1	34.1
Navneet	15.5	13.9
Luxor	7	17.7
Linc	8.76	24.4
Flair	2.15	10.3
Rorito	0.57	5.5
BIC Cello	23.9	18.4
ITC Stationery	25.7	114.2

Source – Technopak Analysis, Note- Data is as of November 08, 2023

4. TOY INDUSTRY IN INDIA

4.1 Evolution of Toys in India

Toys have been an integral part of Indian culture for over 5,000 years, with a rich history that reflects diverse cultures, traditions, and communities. From simple clay toys to complex mechanical ones, toys have been discovered in ancient civilizations, showcasing their importance throughout history. In recent times, toys have evolved to keep up with technology and changing market demands, providing not only entertainment but also aiding in the development of important skills such as motor, psychomotor, and cognitive skills including the potential to enhance intelligence quotient, improve concentration and creativity, and foster logical and spatial reasoning skills, improve curiosity, self-esteem, and emotional stability among children. Additionally, they can support social interaction and communication skills among children. Examples of toys include dolls, puzzles, cards, action figures, board games, rattles, construction and building toys, kitchen sets, mechanical cars etc.

The global Toy industry is booming, with a valuation of approximately USD 171 billion in CY 22 and an expected growth rate of ~7.2% between CY 22 and CY 27, thus expected to reach a market size of approximately USD 242 billion by CY 27, compared to a CAGR of 8.6% between CY 16 to CY 22. Despite this, India's current share in the global toy market remains less than 1%, valued at USD 1.2 billion in FY 22 and is expected to reach USD 3 billion by FY 28, exhibiting a CAGR of 12.2% during FY 23 and FY 28.

Exhibit 4.1: Market size for Toys – Global (CY)

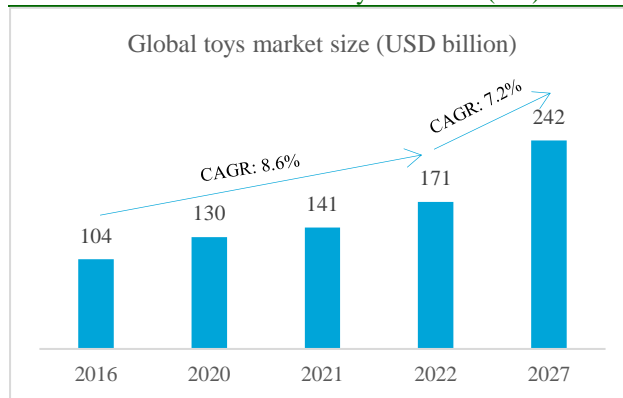
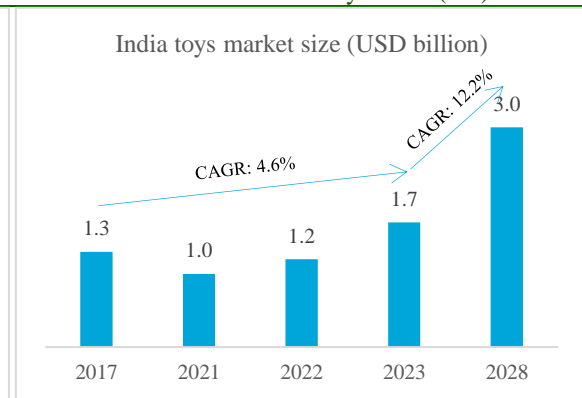


Exhibit 4.2: Market size for Toys India (FY)

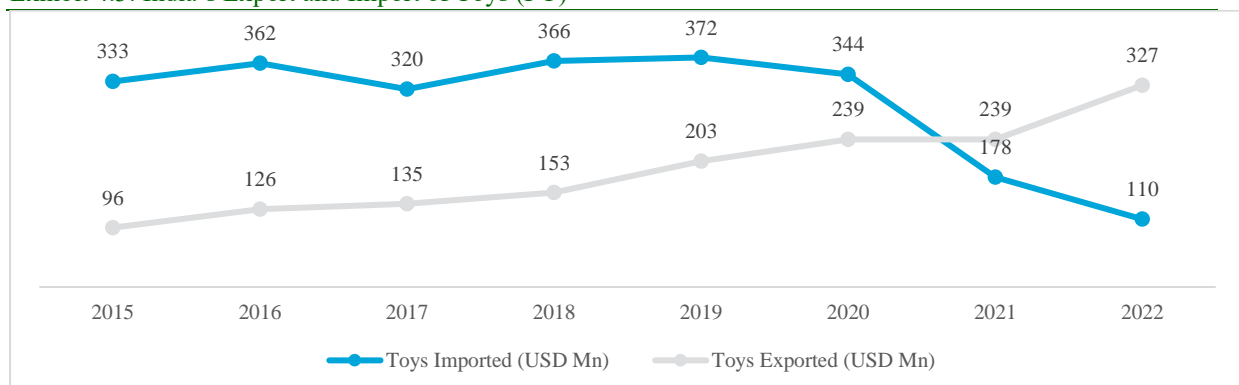


Source: Secondary Research

The domestic toy industry experienced a fluctuating growth trajectory during the year FY 17 to FY 23, mainly attributed to the COVID-19 pandemic. The outbreak caused disruptions in the supply chain and a decline in consumption due to trade restrictions and lockdown measures in several countries, resulting in a dip in the market from USD 1.3 billion in FY 17 to USD 1.0 billion in FY 21. Nevertheless, the total market size rebounded in FY 23 to USD 1.7 billion, thus exhibiting a CAGR of 4.6% between FY 17 to FY 23.

The implementation of diverse government initiatives, specifically targeted at the toy industry has facilitated a notable boost in the exports of Indian toys to over 120 countries worldwide, such as the USA, the UK, Germany, Mexico, and the Netherlands. Notably, the exports of toys beyond Indian borders have witnessed over 2x growth trajectory, going from USD 135 million to USD 327 million during the period FY 17 to FY 22.

Exhibit 4.3: India's Export and Import of Toys (FY)



Source: Department of Commerce, Export Import Data Bank (HS Code: 9503, 9504, 9505)

4.2 Indian Toy Market – Imported toys vs Domestically produced

Over the years, the Indian toy market remained highly import dependent with the domestic industry having a small footprint. As recent as FY 19, 80% of toys were imported and the rest 20% were domestically manufactured in India. At present, the import of toys in India has dropped by 70% from USD 372 million in FY 19 to USD 110 million in FY 22.

During FY 16 to FY 20, India has imported major share of toys, over 85% of total imports from China. Their low price point makes them highly attractive to the customers.

In order to promote domestic toy manufacturing in India, Government of India (GOI) announced an increase in customs duty on imported toys in February 2020, from 20% to 60%. Further, the Bureau of Indian Standards made it mandatory for all toys to be certified under the new Indian Toy Safety Standard, which aimed to improve the safety and quality of toys sold in India.

These policies are part of the government's efforts to boost domestic toy manufacturing under the "Atmanirbhar Bharat" initiative that aims to reduce the dependence on imported toys and promote the growth of the Indian toy industry. The implementation of policies by the Indian Government has also helped the industry to explore global markets enhancing the toy exports. To streamline the toy industry in India, the government has announced the 'Product Specific Industrial Cluster Development Programme' in CY 20 to build toy clusters in dedicated SEZs and help them become self-sustaining ecosystems catering to export markets.

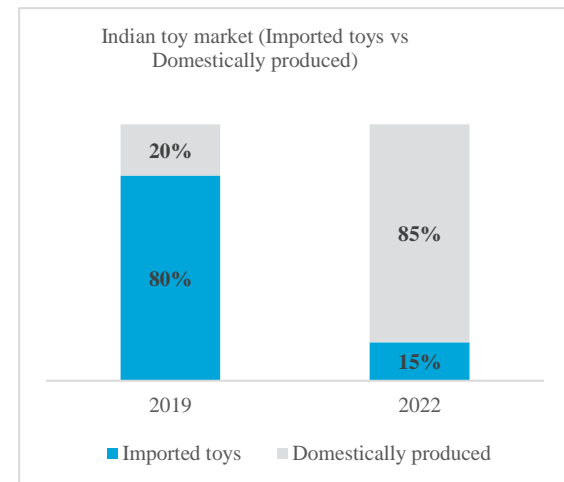
The government has approved eight toy manufacturing clusters at a cost of INR 2,300 crores to boost India's traditional toy industry. Three out of the eight clusters are in Madhya Pradesh, two in Rajasthan and one each in Karnataka, Uttar Pradesh and Tamil Nadu.

4.3 Indian Toy Market – Branded vs Unbranded

The Indian toy market can be broadly divided into two segments – namely the “branded” segment, which represent only 36% of the Indian toy market share and the “unbranded” segment. With approximately over 64% of the market share, the industry is dominated by unbranded toy manufacturers with more than 4,000 micro, small and medium enterprises located across the country and predominantly operate on a cash-and-carry basis. However, there is a steady increase in the number of branded segments and even international brands entering the Indian toy market. Some major Indian brands are making inroads into the Indian toy market through the establishment of new product divisions, JVs or acquisitions. For instance, Reliance formed JV with Japanese brand Muji which sells a wide variety of products ranging from stationery, clothing, furniture, etc. to open stores in India. Further, Reliance's acquisition of Hamley's, a UK-based toy retail brand, exemplifies this trend. The toy manufacturers in India are mostly located in Delhi NCR region, Maharashtra, Uttar Pradesh, Karnataka, Tamil Nadu, and clusters across central Indian states of Madhya Pradesh and Chhattisgarh.

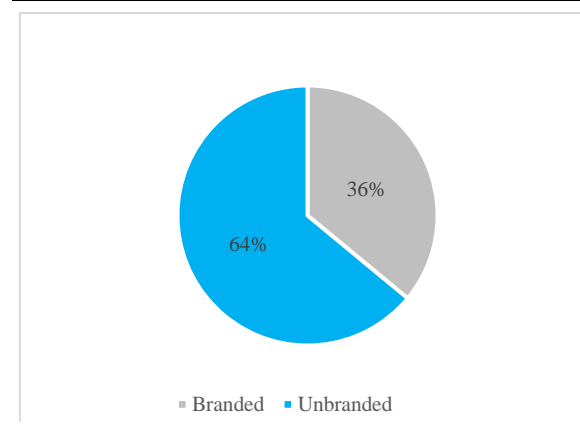
Though Indian toy industry has a high growth potential in the future years, the vastly unbranded and fragmented sector faces challenges due to the lack of design innovations, linkages with bulk buyers, quality training and testing, and low expenditure on advertising or brand building. The unbranded segment gets supplies mainly from wholesalers, who draw their supplies either from domestic manufacturers or Chinese sources resulting in low quality of products. To improve the quality of Indian toys, the government has taken several initiatives.

Exhibit 4.4: Indian toy market (Imported toys vs Domestically manufactured) (FY)



Source: Secondary Research

Exhibit 4.5: Indian toy market (Branded vs Unbranded market share)



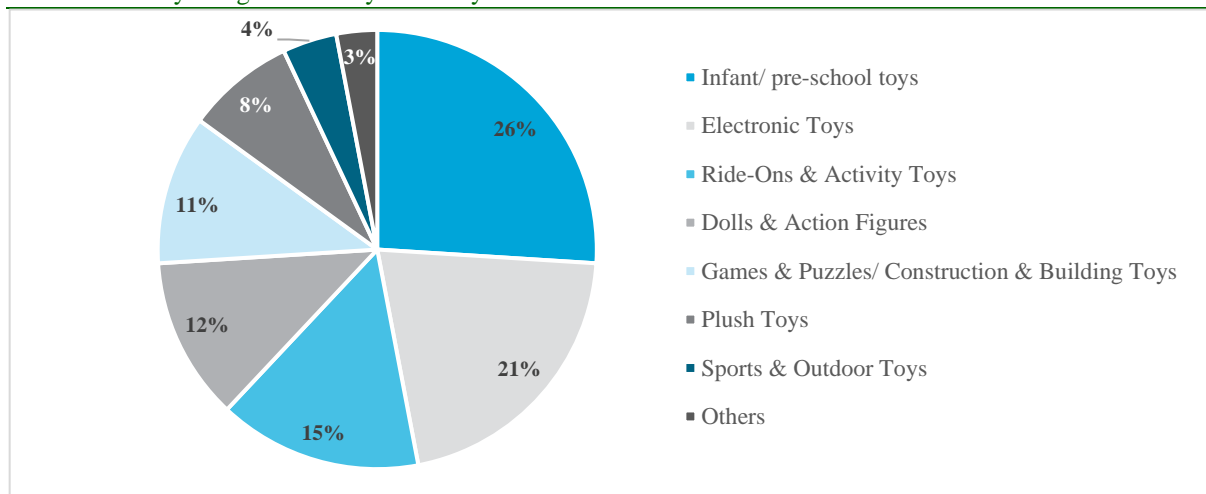
Source: Secondary Research

Initiated in CY 21, toys are under compulsory BIS certification as per the Toys (Quality Control) Order, 2020 issued by the ministry of commerce and industry under Section 16 of the BIS Act, 2016. The order mandates toys to conform to the relevant Indian safety standards and to display the BIS standard mark, which can be acquired through a license from BIS as per the scheme-I of schedule-II of BIS (conformity assessment) Regulations, 2018. It is also stated that no individual is allowed to manufacture, import, distribute, sell, lease, hire, store or showcase toys for sale without the ISI mark. BIS has granted 843 licenses to domestic manufacturers for the safety of toys. 645 licenses out of the 843 licenses have been granted for non-electric toys and 198 licenses granted for electric toys. In addition to this, 6 licenses have been granted to international toy manufacturers.

4.4 Key Categories – India’s Toys Market

Notably, the largest share of ~26% is held by the infant/pre-school toys category, which can be attributed to the high number of young children in India and the demand for age-appropriate toys. Electronic toys come in second place with a share of ~21%, reflecting the growing interest in technology and interactive play experiences among Indian children. The ‘ride-on & activity toys’ and ‘dolls & action figures’ categories follow, representing ~15% and ~12% of the market respectively, as they offer a diverse range of options for imaginative and creative play.

Exhibit 4.6: Key categories in Toys Industry in India



Source: Secondary Research

4.5 Retail scenario of Toys in India

The Indian toy industry is projected to grow rapidly in the coming years, and its retail scenario is evolving rapidly. While traditional retail formats such as small, family-owned toy stores continue to dominate the market, modern retail formats such as hypermarkets, supermarkets, and specialized toy stores are gaining momentum. Moreover, e-commerce is emerging as a popular retail format, driven by increasing internet penetration, rising smartphone adoption, and the convenience of online shopping.

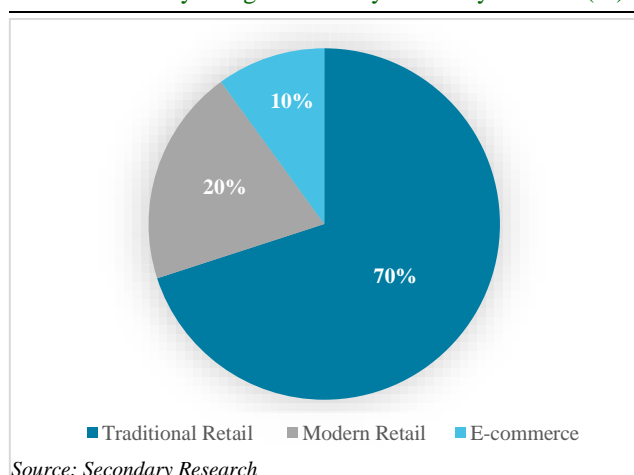
Traditional Retail Formats

Traditional retail formats such as small, family-owned toy stores continue to dominate the Indian toy industry, accounting for approximately 70% of the total sales in the country. There are over 2 lakhs small toy retail stores in India which have been operating for generations and cater to the local community's needs in the country.

Modern Retail Formats

Modern retail formats such as hypermarkets, supermarkets, and specialty toy stores are gaining momentum in India. Many international toy brands such as Hamleys, Toys "R" Us, and Sapphire have established a strong

Exhibit 4.7: Key categories in Toys Industry in India (%)



Source: Secondary Research

presence in the country, operating a network of exclusive brand stores and presence in multi-brand stores. Modern retail formats account for approximately 20% of the total toy sales in India.

E-Commerce

E-commerce is emerging as a popular retail format for toys in India, driven by increasing internet penetration, rising smartphone adoption, and the convenience of online shopping. The e-commerce market for toys in India accounted for approximately 10% of the total toy sales in the country in FY 22, and this share is expected to increase in the coming years.

The Indian toy industry's retail scenario is diverse, with both traditional and modern retail formats co-existing and serving different customer segments. The projected growth of the Indian toy industry and the evolving retail scenario highlight the need for manufacturers and retailers to adapt to changing consumer preferences and innovate in their product offerings and marketing strategies.

4.6 Challenges faced by Indian Toy Industry

Highly Fragmented

The toy industry is still highly fragmented, dominated by local producers. Approximately 64% of the toy manufacturing industry is unorganized and ~4000 toy industry units being from the MSME sector. They lack innovation and resources to invest in equipment and technology. Furthermore, these MSMEs also face difficulties in scaling up production due to a lack of capital and financing. This, in turn, limits their ability to compete with larger, more established companies that have the resources to invest in technology and equipment and scale up.

Influx of Foreign Toys

The inflow of cheap mechanical toys that started flowing into the country with the liberalization of the Indian economy surpassed the traditional toy market in a few years, overrunning the market with low-quality Chinese imports. As a result, many toy factories closed in the past 30 years as they could not compete with toys made in China, especially the electric and battery-operated ones.

Quality certification- Challenge for Traditional craftsmen

The government has mandated the Bureau of Standard (BIS) certification for toys. However, artisans and toy-making families in this Industry fear for their future as they have been struggling after an increase in GST on toys from 5.5% to 12%. The BIS certification process is online, and many artisans are not computer-savvy. The move has impacted many artisans and their families.

4.7 Growth Drivers for Indian Toy Industry

Large Consumer Base

India's current population of 1.42 billion constitutes 17% of the world population, with 26.2% of India's population in the age group of 0-15 years, which presents an enormous opportunity for the toy industry to target this young consumer base. Additionally, India's demographic makeup is such that more than half of the population comprises teenagers and young adults, leading to an increase in demand for toys and related products.

Rising Disposable Income

In recent years, India has demonstrated robust growth in its GDP, making it one of the world's largest economies. This trend has been accompanied by a significant increase in the size of the middle-class population. The average income of Indians has risen with a CAGR of 6.6% over the last six years, with per capita income growing from INR 1.16 lakhs in FY 17 to INR 1.70 Lakhs in FY 22. This has resulted in a notable shift in consumer behavior, with a move away from traditional and low-end battery-operated toys towards more sophisticated electronic toys, construction and building toys, activity toys as well as upmarket plush toys.

Emergence of Educational Toys

According to the Toy Association Report in 2018, 67% of parents believe in Science, Technology Engineering & Maths (STEM)-focused toys as their primary way to encourage Science and Math development in young children. STEM-focused toys are increasingly becoming popular among parents to promote scientific and mathematical skills in their young children. These toys not only provide a fun and interactive way for children to learn about STEM concepts but also help them to develop essential skills such as problem-solving, critical thinking, and creativity. This gives brands a more innovative way to increase their addressable audience.

Government Support

The Indian government has shown strong support for the country's toy industry in recent years, including initiatives such as the establishment of the Toy Task Force and allocation of funds for the development of toy

clusters across the country. Additionally, the government has introduced measures to promote domestic manufacturing and reduce reliance on imports. These efforts have been well received by industry stakeholders, who see them as critical to boosting India's toy exports and enhancing the competitiveness of the sector.

Growth of Organized Retail Chains and Specialty Toy Retail

The retail industry in India has seen a significant growth of organized retail chains and specialty toy retail stores in recent years. Organized retail chains such as Reliance Retail and D-Mart have been expanding their presence across the country, offering a wide range of products including toys. Specialty toy retailers such as Hamleys, Sapphire, Toys "R" Us etc. have established their presence in the Indian market, offering a unique and curated selection of toys to the customers.

4.8 Government initiatives supporting the Toy Industries

With domestic toy industry having the potential to become a USD 3 billion market by FY 28, Govt. in 2020 under 'Aatma Nirbhar Bharat Abhiyan' decided to recognize 'toys' as one of the key focus sectors in which India wants to become self-reliant and reduce imports. To address this need, the government has been encouraging domestic toy manufacturing and exports through various initiatives.

Increase in Import Duty

The Government has increased import duty on toys from 20% to 60% in February 2020 to promote local manufacturing. In FY 19, toys valued at Rs. 2,960 crores were imported into India. However, government measures have aided in decreasing imports to Rs. 870 crores in FY 22. On the other hand, the exports of toys have increased by 61% from Rs 1,612 crore in FY 19 to Rs 2,601 crore in FY 22.

Increasing focus on Quality

Government of India issued Toys (Quality Control) Order, 2020 through which toys have been brought under compulsory Bureau of Indian Standards (BIS) certification. This move resulted BIS granting 843 licenses to domestic manufacturers for safety of toys, out of these, 645 licenses have been granted for non-electric toys and 198 licenses granted for electric toys. Another added benefit of mandatory certification is, that it acts as a measure to restrict import of Chinese toys that do not comply with the certification, thus lowering India's dependency on imported toys to meet the nation's demand.

Policy Changes

New Education Policy 2020: Beyond supporting livelihoods and children's right to play, toys are recognized as an essential pedagogical tool by the New Education Policy 2020. As a part of this, Ministry of Education has been asked to evaluate inclusion of indigenous toys as a major learning resource activity, The plan also includes developing kits for Ek Bharat, Shreshtha Bharat, a flagship scheme of the Ministry of Education.

Educating consumers

In the realm of child development, electronic toys that are marketed as educational may not always align with their intended purpose, leading to overreliance on mobile applications and devices. Conversely, traditional toys serve a vital role in fostering language acquisition, imaginative play, and cognitive problem-solving abilities. Additionally, electronic toys can contribute to sensory impairments and postural issues, whereas traditional toys promote healthy physical development. The government is introducing a new paradigm shift to consumers, encouraging the purchase of high-quality "Made in India" toys over inferior and inexpensive imported alternatives. Advertisements are being repositioned to target parents and children as key influencers in promoting brand loyalty for Indian-made toys.

Toy Cluster Program

In India, over 4,000 micro, small, and medium enterprises operate in the toy industry, and about 64% of them comprise the unorganized sector. To improve this sector, the government introduced the 'Product Specific Industrial Cluster Development Programme' in 2020. The program aims to establish toy clusters in dedicated SEZs to create customized, self-sufficient ecosystems that can attract investments and cater to export markets. Additionally, the government is offering incentives at each stage of development, including setting up a plant, providing key resources at subsidized rates, and incentivizing operating costs.

Exhibit 4.8: Representative state incentives at a modern Toy Cluster - Koppal, Karnataka

S.NO	COMPONENTS	INCENTIVES
1	Capital Investment Subsidy	30% on Fixed Assets (Land, Building, Machinery, ETP, and Dormitory).

S.NO	COMPONENTS	INCENTIVES
		Subsidy to be released in 5 annual instalments linked to achievement of annual sales turnover
2	Reimbursement of Stamp duty & Registration Charges	100%
4	Reimbursement of Land conversion fee	100%
5	Interest Subsidy on Term loan	5% subject to a maximum of INR 7.5 crore per annum on Term Loan for 5 years
6	Power Tariff Subsidy INR 2.00 per unit for 5 years	INR 2.00 (~USD 0.03) per unit for 5 years
7	Electricity duty reimbursement 100% for 5 years	100% for 5 years
8	ESI & EPF Reimbursement (Employers Contribution)	75% for 5 years capped at 20% of VFA
9	Wage subsidy (only for direct employment and continuous employment of at least 6 months)	INR 1500/- (~USD 20) per month for 5 years
10	Freight Subsidy (Only for exports)	Only for Rail/Road freight charges to seaport as below:
		Year 1 & 2 - 75%
		Year 3, 4, & 5 - 50%
11	Rent subsidy for units within SEZ	Reimbursement of 50% of rent of maximum INR 5.00 per sq. ft. per month for 3 years (minimum lease period should be 10 years)
12	Skill development Assistance	INR 12500/- per candidate per training course of minimum 30 days or actual, whichever is less
13	Assistance for common facility centres	1. Subsidy of 25% for Common Facility Centres established for the use of multiple units on chargeable basis in the cluster.
		2. 25% cost reimbursement on Certifications.
		3. Centre of Excellence, CTPET Centre, NID Centre: Subsidy of 50% on fixed investment.

5. FINANCIAL BENCHMARKING

Review of financial performance

We have benchmarked the financial performance of DOMS Industries with various companies in the Indian consumer sector, basis the below criteria –

1. Core peers – These are companies operating directly and only in the creative products and stationery categories; BIC Cello, Flair Writing Industries, Hindustan Pencils, Kokuyo Camlin, Linc, Luxor Writing Instruments, Navneet Education, Rorito International.
2. Allied peers – These are companies that operate in consumer categories that similar to stationery are day to day use and have low unit values and may also have stationery as a segment; 3M India, Gillette, ITC and Pidilite Industries.

5.1 Revenue from Operations

Revenue from operations is the top line parameter for a company's financials.

Exhibit 5.1: Revenue from Operations in FY (INR Crore)

Company	FY 20	FY 21	FY 22	FY 23	H1 FY 24	CAGR FY 2020-22	CAGR FY 2021-23
DOMS Industries	654.0	402.8	683.6	1,211.9	761.8	2.2%	73.5%
A. Core Peers							
BIC Cello India	479.5	264.6	406.4	NA	NA	-7.9%	NA
Flair Writing Industries	725.2	298.0	577.5	942.7	NA	-10.8%	77.9%
Hindustan Pencils	959.3	488.6	770.3	NA	NA	-10.4%	NA
Kokuyo Camlin Ltd	634.0	403.1	508.5	774.9	430.6	-10.4%	38.6%
Linc Ltd	397.0	256.7	355.0	486.8	243.1	-5.4%	37.7%
Luxor Writing Instruments	365.0	231.8	334.1	489.6	NA	-4.3%	45.4%
Navneet Education Ltd	1,512.1	834.6	1,114.3	1,696.8	1,057.2	-14.2%	42.6%
Rorito International	238.3	113.1	140.7	174.0	NA	-23.2%	24.0%
B. Allied peers							
3M India	2,986.6	2,604.8	3,335.8	3,959.4	2089.2	5.7%	23.3%
Gillette India	1,679.1	2,009.4	2,256.2	2,477.1	NA	15.9%	11.0%
ITC Ltd	51,393.5	53,155.1	65,205.0	76,518.2	37,909.5	12.6%	20.0%
Pidilite Industries	7,294.5	7,292.7	9,921.0	11,799.1	6,351.2	16.6%	27.2%

Source: Annual Reports, Technopak Analysis

Revenue from operations = As stated in the P&L (Excluding other income)

Note: NA= Not Available,.

Note: CAGR has been calculated for 2-yr time period from FY 2020 to FY 2022 and FY 2021 to FY 2023

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India financials, pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

Among 'core' peers as defined above, DOMS Industries is the only company to have achieved a higher revenue in FY 2022 vs. FY 2020, indicative of the strength and resilience of the brand and quick post covid recovery.

5.2 Gross Profit

Gross Profit is the top line profit after deducting the cost of goods sold from the sales generated and is an indicative of the profitability of a company's products.

Exhibit 5.2: Gross Profit in FY (INR Crore) and Gross Profit Margin (%)

Company	FY 20		FY 21		FY 22		FY 23		H1 FY 24		CAGR FY 2020 - 22	CAGR FY 2021 - 23
	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin		
DOMS Industries	266.0	40.7%	157.5	39.1%	251.5	36.8%	448.5	37.0%	302.9	39.8%	-2.8%	67.0%
A. Core Peers												
BIC Cello India	225.9	47.1%	103.3	39.0%	143.6	35.3%	NA	NA	NA	NA	-20.3%	NA
Flair Writing Industries	293.1	40.4%	131.6	44.2%	269.3	46.6%	433.9	46.0%	NA	NA	-4.1%	81.6%
Hindustan Pencils	378.6	39.5%	208.6	42.7%	298.4	38.7%	NA	NA	NA	NA	-11.2%	NA
Kokuyo Camlin Ltd	253.3	39.9%	166.8	41.4%	196.0	38.5%	286.7	37.0%	165.6	38.5%	-12.0%	31.1%
Linc Ltd	148.4	37.4%	83.9	32.7%	117.5	33.1%	192.2	39.5%	95.3	39.2%	-11.0%	51.3%
Luxor Writing Instruments	164.7	45.1%	99.7	43.0%	127.8	38.2%	201.1	41.1%	NA	NA	-11.9%	42.0%
Navneet Education Ltd	783.1	51.8%	437.5	52.4%	582.6	52.3%	850.9	50.1%	503.1	47.6%	-13.7%	39.5%
Rorito International	91.5	38.4%	40.7	36.0%	49.9	35.5%	70.4	40.4%	NA	NA	-26.2%	31.5%
B. Allied peers												
3M India	1,250.3	41.9%	1,005.8	38.6%	1,245.2	37.3%	1,499.1	37.9%	829.4	39.7%	-0.2%	22.1%
Gillette India	917.3	54.6%	1,128.7	56.2%	1,206.7	53.5%	1,288.9	NA	NA	NA	14.7%	6.9%
ITC Ltd	34,048.0	66.2%	33,023.7	62.1%	38,819.9	59.5%	47,512.4	62.1%	24,291.2	64.1%	6.8%	19.9%
Pidilite Industries	3,892.0	53.4%	3,916.0	53.7%	4,476.8	45.1%	5,040.4	42.7%	3,183.7	50.1%	7.3%	13.5%

Source: Annual Reports, Technopak Analysis

Gross Profit = Revenue from Operations – COGS (sum of purchases, changes in inventory and cost of materials consumed)

Gross Margin= Gross Profit/ Revenue from Operations

Note: NA= Not Available,

Note: CAGR has been calculated for 2-yr time period from FY 2020 to FY 2022 and FY 2021 to FY 2023

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

5.3 EBITDA Margin

EBITDA margins is largely used to compare the operating profitability of the companies against competitors. It is also used to standardize the business performance against the industry averages.

Exhibit 5.3: EBITDA in FY (INR Crore) and EBITDA Margin (%)

Company	FY 20		FY 21		FY 22		FY 23		H1 FY 24		CAGR FY 2020 - 22	CAGR FY 2021 - 23
	EBITDA A	Margin	EBITDA	Margin	EBITDA	Margin	EBITDA	Margin	EBITDA	Margin		
DOMS Industries	76.2	11.6%	30.0	7.5%	69.7	10.2%	186.7	15.4%	127.4	16.7%	-4.3%	149.3%
A. Core Peers												
BIC Cello India	-87.9	-18.3%	-139.7	-52.8%	-143.1	-35.2%	NA	NA	NA	NA	-27.6%	NA
Flair Writing Industries	94.0	13.0%	23.2	7.8%	98.0	17.0%	183.5	19.5%	NA	NA	2.1%	181.0%
Hindustan Pencils	35.0	3.6%	8.7	1.8%	22.3	2.9%	NA	NA	NA	NA	-20.2%	NA
Kokuyo Camlin Ltd	37.0	5.8%	8.8	2.2%	16.5	3.2%	54.4	7.0%	41.5	9.6%	-33.2%	148.0%
Linc Ltd	38.3	9.6%	10.2	4.0%	21.5	6.1%	61.4	12.6%	25.7	10.6%	-25.0%	145.6%
Luxor Writing Instruments	21.0	5.8%	4.6	2.0%	7.3	2.2%	33.0	6.7%	NA	NA	-41.2%	168.8%
Navneet Education Ltd	313.5	20.7%	87.0	10.4%	162.6	14.6%	298.0	17.6%	204.6	19.4%	-28.0%	85.1%
Rorito International	6.0	2.5%	-22.6	-20.0%	-8.5	-6.1%	0.1	0.0%	NA	NA	Na(1)	Na(1)
B. Allied peers												
3M India	449.7	15.1%	259.5	10.0%	389.2	11.7%	604.3	15.3%	366.1	17.5%	-7.0%	52.6%
Gillette India	359.0	21.4%	460.5	22.9%	482.5	21.4%	539.18	NA	NA	NA	15.9%	8.2%
ITC Ltd	19,260.2	37.5%	17,002.7	32.0%	20,658.4	31.7%	25,664.9	33.5%	13,106.2	34.6%	3.6%	22.9%
Pidilite Industries	1,576.0	21.6%	1,680.6	23.0%	1,847.3	18.6%	1,984.4	16.8%	1,386.9	21.8%	8.3%	8.7%

Source: Annual Reports, Technopak Analysis

EBITDA = Profit Before Tax, Exceptional Items and Share of Associates/Joint Ventures+ Finance Cost + D&A - Other Income

EBITDA Margin= EBITDA/ Revenue from Operations

Note: NA= Not Available, Na(1)= can't be calculated due to unavailability, negative or positive denominator.

Note: CAGR has been calculated for 2-yr time period from FY 2020 to FY 2022 and FY 2021 to FY 2023

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

5.4 PAT Margin

The profit after tax and PAT margins are used to assess a company's overall profitability after meeting all costs.

Exhibit 5.4: Profit after Tax in FY (INR Crore) and PAT Margin (%)

Company	FY 20		FY 21		FY 22		FY 23		H1 FY 24		CAGR FY 2020 - 22	CAGR FY 2021 - 23
	PAT	Margin	PAT	Margin	PAT	Margin	PAT	Margin	PAT	Margin		
DOMS Industries	36.0	5.5%	-6.0	-1.5%	17.1	2.5%	102.9	8.5%	73.9	9.7%	-31.0%	Na(1)
A. Core Peers												
BIC Cello India	-81.2	-12.0%	-215.5	-80.1%	-162.0	-39.2%	NA	NA	NA	NA	-41.2%	NA
Flair Writing Industries	37.9	5.2%	1.0	0.3%	56.2	9.6%	118.1	12.4%	NA	NA	21.7%	1003.6%
Hindustan Pencils	8.3	0.8%	-5.4	-1.0%	6.8	0.9%	NA	NA	NA	NA	-9.3%	NA
Kokuyo Camlin Ltd	4.4	0.7%	-14.6	-3.6%	-4.7	-0.9%	24.4	3.1%	27.8	6.4%	Na(1)	Na(1)
Linc Ltd	19.2	4.8%	0.0	0.0%	8.1	2.3%	37.4	7.6%	15.1	6.1%	-35.0%	Na(1)
Luxor Writing Instruments	1.4	0.4%	-9.4	-4.0%	-5.0	-1.5%	6.6	1.3%	NA	NA	Na(1)	Na(1)
Navneet Education Ltd	197.3	12.9%	55.9	6.6%	74.4	6.6%	203.8	11.9%	180.5	17.0%	-38.6%	90.9%
Rorito International	-7.6	-3.2%	-39.1	-34.3%	-27.3	-19.2%	-14.3	-8.1%	NA	NA	-89.4%	39.6%
B. Allied peers												
3M India	322.2	10.6%	162.4	6.2%	272.0	8.1%	451.0	11.2%	275.3	13.0%	-8.1%	66.7%
Gillette India	230.2	13.6%	310.4	15.2%	289.3	12.8%	355.7	14.2%	NA	NA	12.1%	7.0%
ITC Ltd	15,592.8	28.9%	13,382.9	24.0%	15,503.1	23.1%	19,476.7	24.8%	10,136.0	25.8%	-0.3%	20.6%
Pidilite Industries	1,122.1	15.1%	1,126.1	15.3%	1,206.8	12.1%	1,288.9	10.9%	932.2	14.6%	3.7%	7.0%

Source: Annual Reports, Technopak Analysis

PAT = Profit after tax (Total Profit for the Period)

PAT Margin= PAT / Total Income

Note: NA= Not Available, Na(1)= can't be calculated due to unavailability, negative or positive denominator.

Note: Note: CAGR has been calculated for 2-yr time period from FY 2020 to FY 2022 and FY 2021 to FY 2023

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

5.5 Return on Equity

Return on equity is a function of profit after tax and shareholder's equity. A sustainable business and increasing ROE over time can indicate a good value generation ability for the shareholders.

Exhibit 5.5: Return on Equity (%) (in FY)

Company	FY 20	FY 21	FY 22	FY 23	H1 FY 24
DOMS Industries	14.7%	-2.5%	6.6%	28.9%	17.5%
A. Core Peers					
BIC Cello India	-11.3%	-42.4%	-47.4%	NA	NA
Flair Writing Industries	14.6%	0.4%	17.7%	27.1%	NA
Hindustan Pencils	4.9%	-3.3%	4.2%	NA	NA
Kokuyo Camlin Ltd	1.7%	-6.0%	-2.0%	9.3%	9.7%
Linc Ltd	14.1%	0.0%	5.7%	21.1%	8.2%
Luxor Writing Instruments	1.1%	-8.1%	-4.6%	5.6%	NA
Navneet Education Ltd	22.9%	6.0%	7.8%	12.9%	7.9%
Rorito International	-17.1%	-726.6%	124.6%	72.6%	NA
B. Allied Peers					
3M India	18.4%	8.5%	12.5%	26.9%	15.0%
Gillette India	25.3%	39.3%	33.6%	36.0%	NA
ITC Ltd	23.8%	22.0%	24.7%	28.0%	14.6%
Pidilite Industries	24.0%	19.3%	18.3%	17.3%	12.0%

Source: Annual Reports, Technopak Analysis

Return on Equity = PAT / Closing Total Share Equity

Note: NA= Not Available,

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

Note: The numbers for H1FY24 are not annualized and are based on six-month financials.

5.6 Return on Capital Employed

ROCE (Return on Capital Employed) indicated the company's efficiency by measuring the profitability of the business after factoring in the capital used by the company to generate profits. ROCE is a good indicator of the company's performance over long periods.

Exhibit 5.6: Return on Capital Employed (in FY)

Company	FY 20	FY 21	FY 22	FY 23	H1 FY 24
DOMS Industries	20.0%	5.9%	11.5%	36.8%	19.2%
A. Core Peers					
BIC Cello India	-18.4%	-30.3%	-44.6%	NA	NA
Flair Writing Industries	19.0%	3.5%	20.4%	33.5%	NA
Hindustan Pencils	13.0%	6.3%	10.8%	NA	NA
Kokuyo Camlin Ltd	6.6%	-3.5%	-0.2%	14.6%	12.8%
Linc Ltd	17.5%	-0.8%	7.8%	27.7%	10.3%
Luxor Writing Instruments	8.2%	-2.0%	1.8%	14.2%	NA
Navneet Education Ltd	32.2%	5.6%	13.4%	21.4%	13.7%
Rorito International	-8.3%	-54.4%	-68.8%	-25.8%	NA
B. Allied Peers					
3M India	24.2%	11.3%	16.5%	35.4%	19.5%
Gillette India	32.8%	50.1%	44.7%	43.7%	NA
ITC Ltd	29.8%	28.5%	31.9%	35.8%	18.8%
Pidilite Industries	31.6%	24.4%	22.9%	21.7%	15.3%

Source: Annual Reports, Technopak Analysis

Return on Capital Employed= EBIT (Profit Before Tax, Exceptional Items and Share of Associates/Joint Ventures + Finance Cost)/ Closing Capital Employed (Total Assets – Current Liabilities)

Note: NA= Not Available

Note: ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

Note: The numbers for H1FY24 are not annualized and are based on six-month financials.

5.7 Working Capital Cycle

Cash conversion cycle describes the number of days it takes for a company to convert its working capital into sales generating cash. The lower the days, the more efficient the business is.

Exhibit 5.7: Working capital days (in FY)

Company	FY 20	FY 21	FY 22	FY 23	H1 FY 24
DOMS Industries	55	96	68	40	37
A. Core Peers					
BIC Cello India	161	204	70	NA	NA
Flair Writing Industries	132	252	178	124	NA
Hindustan Pencils	84	141	70	NA	NA
Kokuyo Camlin Ltd	108	127	100	75	62
Linc Ltd	78	85	60	59	57
Luxor Writing Instruments	43	59	46	31	NA
Navneet Education Ltd	167	228	208	192	120
Rorito International	25	56	31	6	NA
B. Allied Peers					
3M India	81	62	52	44	40
Gillette India	41	28	14	8	NA
ITC Ltd	55	59	50	48	69
Pidilite Industries	70	77	76	71	61

Source: Annual Reports, Technopak Analysis

Working Capital Days = Days Inventory + Days Receivables – Days Payables

Days Receivable = (Trade Receivables / Revenue from Operations) *365 (FY 2020 to FY 2023) and (Trade Receivables / Revenue from Operations) *183 (HY(1st) 2024)

Inventory Days = (Inventory / Revenue from Operations) *365 (FY 2020 to FY 2023) and (Inventory / Revenue from Operations) *183 (H1 FY 2024)

Days Payable = (Trade Payables / Revenue from Operations) *365 (FY 2020 to FY 2023) and (Trade Payables / Revenue from Operations) *183 (H¹ FY 2024)

Note: NA= Not Available

Note: DOMS Industries, ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

Note: The numbers for H1FY24 are not annualized and are based on six-month financials.

5.8 Gross Fixed Asset Turnover Ratio

Gross Fixed Asset Turnover Ratio measures the efficiency with which a company uses its fixed assets to generate sales. A high fixed asset turnover ratio reflects higher efficiency in the company's assets.

Exhibit 5.8: Asset Turnover Ratio (in FY)

Company	FY 20	FY 21	FY 22	FY 23	H1 FY 24
DOMS Industries	3.4	1.9	2.8	3.3	1.7
A. Core Peers					
BIC Cello India	1.2	0.6	0.9	NA	NA
Flair Writing Industries	2.7	1.1	1.9	2.5	NA
Hindustan Pencils	2.4	1.2	2.0	NA	NA
Kokuyo Camlin Ltd	2.9	1.8	2.5	3.8	NA
Linc Ltd	3.5	2.2	2.5	3.0	NA
Luxor Writing Instruments	1.9	1.2	1.6	2.3	NA
Navneet Education Ltd	3.4	1.8	2.3	3.4	NA
Rorito International	1.1	0.5	0.6	0.7	NA
B. Allied Peers					
3M India	7.0	6.0	6.7	7.2	NA
Gillette India	3.4	3.6	3.3	3.1	NA
ITC Ltd	2.0	2.0	2.3	2.4	NA
Pidilite Industries	3.3	2.9	3.4	3.7	NA

Source: Annual Reports, Technopak Analysis

Gross Fixed Asset Turnover Ratio= Revenue from Operations / Gross Property Plant and Equipment

Note: NA= Not Available

Note: DOMS Industries, ITC Ltd, Navneet Education, Flair Writing Industries, Luxor Writing Instruments, Hindustan Pencils, BIC Cello India, Pidilite Industries and 3M India financials pertain to consolidated numbers.

Note: Kokuyo Camlin, Linc Ltd, Rorito International, Gillette India, financials pertain to standalone numbers.

Note: Gillette India financial year cycle is from July 2019 to June 2020 and so on. Financial for H1 FY 24 for the company is not published yet in public domain.

Note: The numbers for H1FY24 are not annualized and are based on six-month financials.

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