

21 May 2025

India | Equity Research | Results update

DOMS Industries

Stationery

Potential to surpass revenue growth guidance of 18-20% in FY26

While DOMS guides for 18–20% revenue growth in FY26, we believe there are upside risks such as: (1) capacity expansion from Q3FY26; (2) strong consumer acceptance of Wowper and rollout of wet wipes; and (3) innovation/launches of products of Skido and Clapjoy. While the Uniclan (hygiene) business has relatively lower margins than DOMS, we believe it offers strong medium–long-term growth tailwinds. There is vacant space in hygiene products at affordable price points. Leveraging DOMS' distribution/innovation abilities, Uniclan can be a strong value driver for DOMS over FY25–27. We believe, steady launches of differentiated products and distribution expansion are key monitorables.

Since DOMS has products for age groups starting from infants to college-going students to office supplies, the company has created multiple growth tailwinds; its customer acquisition cost too is likely lower than peers who operate in select segments of stationery. We cut FY26–27E EPS by 9.6–13.4% to factor in muted Q4FY26 and guidance. We remain constructive. Maintain **ADD**.

Q4FY25 result review

DOMS reported revenue/EBITDA/PAT growth of 26%/16.2%/7.3% YoY. Adjusting for Uniclan acquisition, DOMS reported revenue growth of 13.4% YoY. While gross margins were flat YoY, EBITDA margin contracted 146bps due to higher other expenditure. Other income declined 16% YoY. As Uniclan generates lower margins than DOMS' core business, we believe strong growth in Uniclan (change in revenue mix) also led to lower margins YoY.

Segment-wise growth rates

Segment-wise growth rates: Scholastic stationery: -4.7%; Scholastic art material: -16%; kits and combos: 37.5%; paper stationery: 51.2%; office supplies: 104.8%; hobby & craft: 26%; fine art materials: 152%. While India revenue was up 27.2%, international revenue grew 18.8% YoY. DOMS had 4,350+ SKUs at end-Dec'24. Its exports to FILA group were 8.4%, whereas third party exports were 5.4% as a percentage of total sales.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	15,371	19,126	23,132	27,763
EBITDA	2,727	3,484	4,152	5,122
EBITDA Margin (%)	17.7	18.2	18.0	18.5
Net Profit	1,531	2,023	2,602	3,228
EPS (INR)	25.2	33.3	42.9	53.2
EPS % Chg YoY	59.8	32.1	28.6	24.1
P/E (x)	101.0	76.4	59.5	47.9
EV/EBITDA (x)	56.1	44.2	36.7	29.4
RoCE (%)	21.8	18.0	17.7	18.4
RoE (%)	25.6	21.0	21.6	21.9

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Market Data

Market Cap (INR)	155bn
Market Cap (USD)	1,806mn
Bloomberg Code	DOMS IN
Reuters Code	DOMS.BO
52-week Range (INR)	3,115 / 1,696
Free Float (%)	25.0
ADTV-3M (mn) (USD)	5.4

Price Performance (%)	3m	6m	12m
Absolute	(1.1)	(6.6)	40.2
Relative to Sensex	(8.3)	(11.2)	30.5

ESG Score	2023	2024	Change
ESG score	NA	59.7	NA
Environment	NA	30.6	NA
Social	NA	66.8	NA
Governance	NA	77.3	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(4.5)	(10.5)
EBITDA	(10.5)	(12.6)
EPS	(9.6)	(13.4)

Previous Reports

04-02-2025: [Q3FY25 results review](#)11-11-2024: [Q2FY25 results review](#)

FY26 guidance: Revenue 18–20%, EBITDA margin 16.5–17.5%

DOMS guides for revenue growth of 18–20% for FY26; but, we believe, there is potential for it to beat the guidance as: (1) there is strong acceptance for Wowper, and DOMS also plans to rollout wet wipes; (2) the capacity expansion from Q3FY26 will also likely be a key growth driver; and (3) the rollout of products of Skido and Clapjoy as well as innovation/product differentiation by DOMS may also result in higher growth YoY.

Portfolio expansion done; distribution network expansion is key now

DOMS has acquired strong products such as Skido (school bags), Uniclax (baby diapers) and Clap Joy (toys). We believe, the company has built a large product portfolio now. Distribution expansion and steady launches of differentiated products may be the key growth drivers ahead, in our view. It has a product portfolio to target consumers from an early age, which is likely to strengthen its brand equity.

Valuation and key risks

We model DOMS to report revenue/PAT CAGRs of 13.2%/16.8% over FY25–27E and RoCE to be upwards of 20% over FY26–27E. On our DCF-based revised target price of INR 2,675 (Earlier TP: INR 2,925), implied P/E works out to 50x FY27E EPS. Maintain ADD.

Key risks: Steep increase in competitive pressures; raw material prices; and failure of key new product launches.

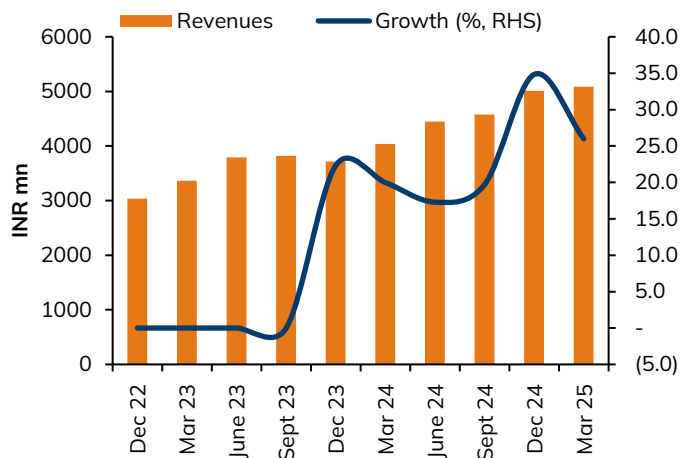
Exhibit 1: Q4FY25 consolidated result review

Y/e March INR mn	Q4FY25	Q4FY24	YoY gr.	Q3FY25	QoQ gr.
Revenue	5,087	4,037	26.0	5,011	1.5
Expenditure					
Raw materials	2,853	2,261	26.1	2,829	0.8
% of revenue	56.1	56.0		56.5	
Employee cost	724	561	29.1	702	3.2
% of revenue	14.2	13.9		14.0	
Other expenditure	628	456	37.8	601	4.5
% of revenue	12.3	11.3		12.0	
Total expenditure	4,205	3,278	28.3	4,133	1.7
EBITDA	883	759	16.2	879	0.5
EBITDA margin	17.3	18.8		17.5	
Other income	48	57	(16.1)	62	(23.4)
PBDIT	930	816	14.0	941	(1.1)
Depreciation	208	144	44.0	175	18.4
PBIT	723	672	7.6	765	(5.6)
Interest	36	43	(15.5)	36	1.4
PBT	686	629	9.1	730	(5.9)
Prov for tax	174	160	8.3	187	(7.1)
% of PBT	25.3	25.5		25.6	
PAT	513	469	9.4	543	(5.5)
Minority Interest	28	17	65.6	36	(20.4)
Adjusted PAT	484	452	7.3	507	(4.5)
Extra ordinary items	(3)	1	(576.0)	(2)	59.2
Reported PAT	482	452	6.5	505	(4.7)

Source: Company data, I-Sec research

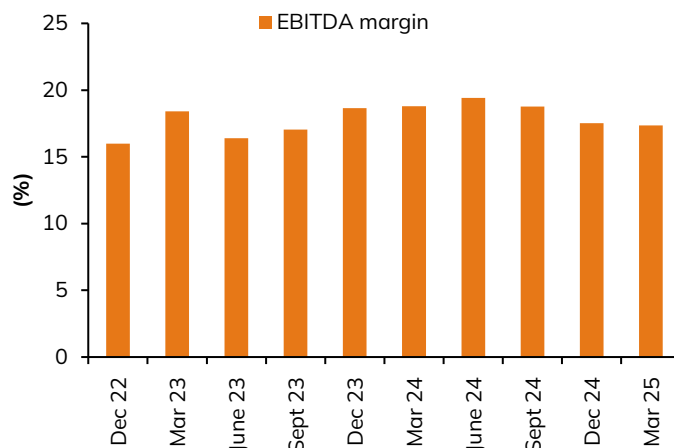
Key performance highlights

Exhibit 2: Revenue and revenue growth



Source: Company data, I-Sec research

Exhibit 3: EBITDA margin



Source: Company data, I-Sec research

Exhibit 4: Key segmental details

Particulars	Q4FY25	Q4FY24	YoY gr.	Q3FY25	QoQ gr.
Revenues (INR mn)					
Scholastic Stationary	1,577	1,655	-4.7%	1,804	-12.6%
Scholastic Art Material	916	1,090	-16.0%	1,052	-13.0%
Kits and Combos	610	444	37.5%	451	35.4%
Paper Stationery	610	404	51.2%	401	52.3%
Office Supplies	661	323	104.8%	601	10.0%
Hobby and Craft	51	40	26.0%	50	1.5%
Fine Art products	102	40	152.0%	50	103.0%
Others	51	40	26.0%	100	-49.2%
Hygiene products	509			501	1.5%
Total	5,087	4,037	26.0%	5,011	1.5%

Source: Company data, I-Sec research

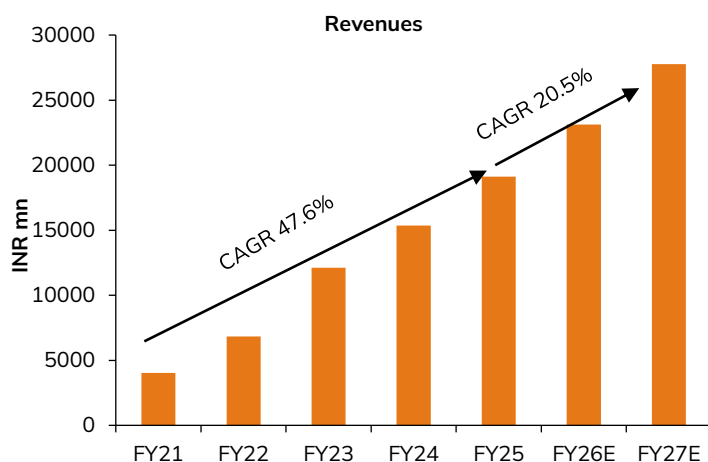
Exhibit 5: Key geographical details

Particulars (INR mn)	Q4FY25	Q4FY24	YoY gr.	Q3FY25	QoQ gr.
India revenues	672	565	18.8%	611	9.8%
International revenues	4,416	3,472	27.2%	4,400	0.4%
Total	5,087	4,037	26.0%	5,011	1.5%

Source: Company data, I-Sec research

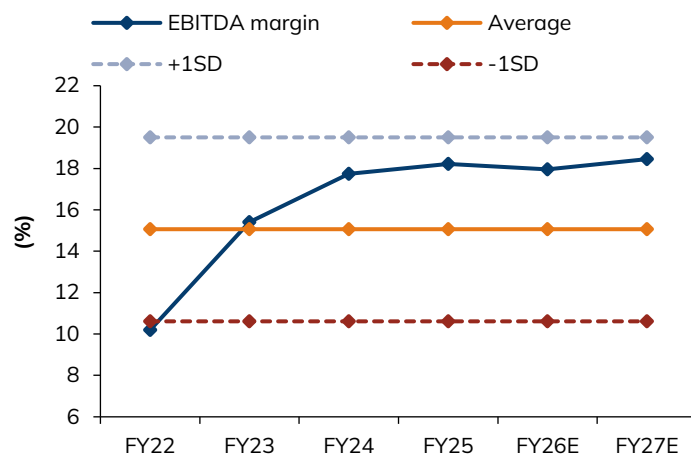
Key charts – Annual

Exhibit 6: Revenue and growth rates



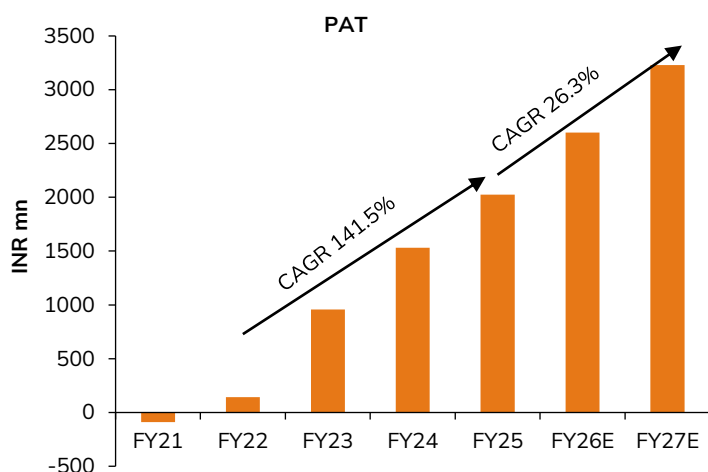
Source: Company data, I-Sec research

Exhibit 7: EBITDA margin trend



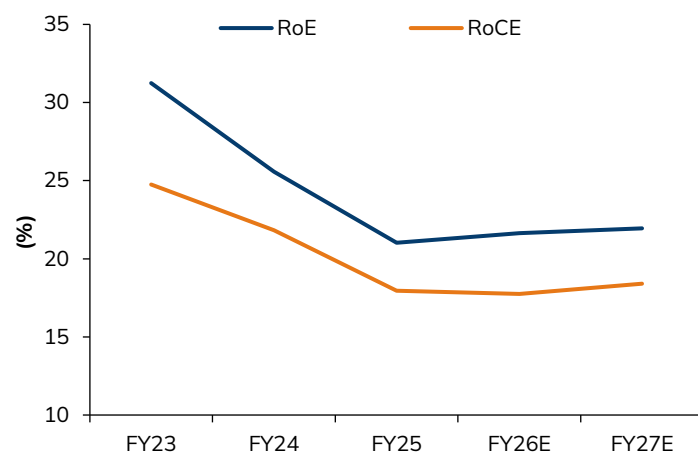
Source: Company data, I-Sec research

Exhibit 8: Net profit and growth rates



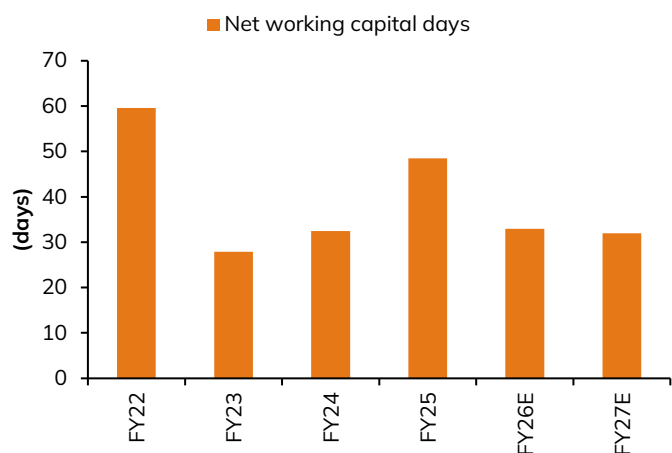
Source: Company data, I-Sec research

Exhibit 9: RoE and RoCE trend



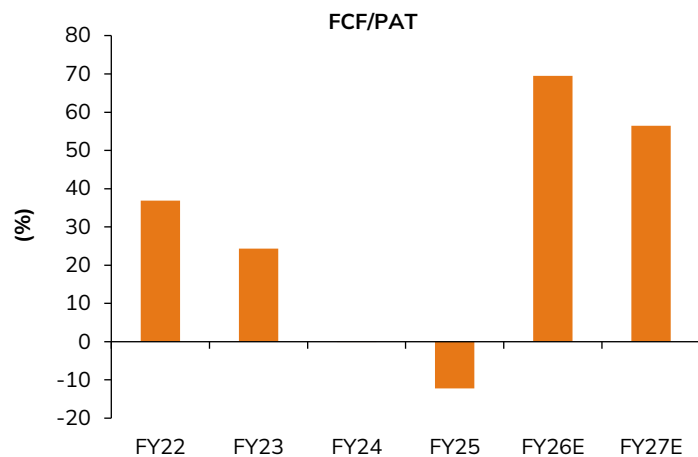
Source: Company data, I-Sec research

Exhibit 10: Net working capital days



Source: Company data, I-Sec research

Exhibit 11: FCF/PAT trend



Source: Company data, I-Sec research

Valuation and risks

We model DOMS to report revenue/PAT CAGR of 13.2%/16.8% over FY25-27E and RoCE to be upwards of 20% over FY26-27E. On our DCF-based revised target price of INR 2,675 (Earlier TP: INR 2,925), implied P/E works out to 50x FY27E EPS. Maintain **ADD**.

Exhibit 12: DCF-based valuation

Particulars	
Cost of Equity (%)	10.8%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	50,024
Discounted terminal value (INR mn)	1,12,314
Total equity value (INR mn)	1,62,338
Value per share (INR)	2,675

Source: Company data, I-Sec research

Risks

Sharp increase in input prices and higher-than-expected competitive pressures

Increase in input prices and/or higher-than-expected competitive pressures could result in downside to our estimates.

Failure of some new launches

Failure of some new products may impact our earnings estimates.

Exhibit 13: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	75.0	70.4	70.4
Institutional investors	22.1	25.7	25.8
MFs and other	12.3	13.8	13.9
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	1.6	1.7	1.7
FIIIs	8.2	10.2	10.2
Others	2.9	3.9	3.8

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	15,371	19,126	23,132	27,763
Operating Expenses	12,644	15,642	18,980	22,640
EBITDA	2,727	3,484	4,152	5,122
EBITDA Margin (%)	17.7	18.2	18.0	18.5
Depreciation & Amortization	512	692	787	971
EBIT	2,215	2,793	3,366	4,152
Interest expenditure	171	150	152	152
Other Non-operating Income	101	226	331	382
Recurring PBT	2,145	2,868	3,545	4,382
Profit / (Loss) from Associates	0	-	-	-
Less: Taxes	548	733	893	1,104
PAT	1,597	2,135	2,652	3,278
Less: Minority Interest	65	112	50	50
Extraordinaries (Net)	(15)	(15)	-	-
Net Income (Reported)	1,516	2,008	2,602	3,228
Net Income (Adjusted)	1,531	2,023	2,602	3,228

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	6,165	6,888	5,131	5,919
of which cash & cash eqv.	3,059	2,254	385	293
Total Current Liabilities & Provisions	1,740	2,093	2,660	3,193
Net Current Assets	4,425	4,795	2,471	2,726
Investments	445	719	4,219	5,919
Net Fixed Assets	4,358	6,158	7,975	9,004
ROU Assets	-	-	-	-
Capital Work-in-Progress	254	603	-	-
Total Intangible Assets	624	746	746	746
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	10,106	13,021	15,410	18,395
Liabilities				
Borrowings	1,738	2,165	2,165	2,165
Deferred Tax Liability	(54)	30	30	30
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	607	607	607	607
Reserves & Surplus	7,537	9,421	11,810	14,795
Total Net Worth	8,144	10,028	12,417	15,402
Minority Interest	278	797	797	797
Total Liabilities	10,106	13,021	15,410	18,395

Source Company data, I-Sec research

Exhibit 17: Quarterly trend

(INR mn, year ending March)

	June 24	Sept 24	Dec 24	Mar 25
Net Sales	4,450	4,578	5,011	5,087
% growth (YOY)	17.3	19.7	34.9	26.0
EBITDA	864	859	879	883
Margin %	19.4	18.8	17.5	17.3
Other Income	56	61	62	48
Extraordinaries	(1)	(9)	(2)	(3)
Adjusted Net Profit	518	514	507	484

Source Company data, I-Sec research

Exhibit 18: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,531	1,869	3,844	3,851
Working Capital Changes	(289)	(977)	455	(347)
Capital Commitments	(1,532)	(2,130)	(2,000)	(2,000)
Free Cashflow	(705)	(510)	1,844	1,851
Other investing cashflow	(3,061)	583	(3,500)	(1,700)
Cashflow from Investing Activities	(4,593)	(1,547)	(5,500)	(3,700)
Issue of Share Capital	3,500	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(124)	(130)	-	-
Dividend paid	(93)	(152)	(212)	(243)
Others	-	-	-	-
Cash flow from Financing Activities	3,283	(282)	(212)	(243)
Chg. in Cash & Bank balance	222	40	(1,869)	(92)
Closing cash & balance	564	605	385	293

Source Company data, I-Sec research

Exhibit 19: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	25.2	33.3	42.9	53.2
Adjusted EPS (Diluted)	25.2	33.3	42.9	53.2
Cash EPS	33.7	44.7	55.8	69.2
Dividend per share (DPS)	1.5	2.5	3.5	4.0
Book Value per share (BV)	134.2	165.2	204.6	253.8
Dividend Payout (%)	6.1	7.5	8.2	7.5
Growth (%)				
Net Sales	26.8	24.4	20.9	20.0
EBITDA	46.1	27.8	19.2	23.4
EPS (INR)	59.8	32.1	28.6	24.1
Valuation Ratios (x)				
P/E	101.0	76.4	59.5	47.9
P/CEPS	75.7	57.0	45.7	36.8
P/BV	19.0	15.4	12.5	10.0
EV / EBITDA	56.1	44.2	36.7	29.4
P / Sales	10.1	8.1	6.7	5.6
Dividend Yield (%)	0.1	0.1	0.1	0.2
Operating Ratios				
Gross Profit Margins (%)	41.9	43.5	43.3	43.8
EBITDA Margins (%)	17.7	18.2	18.0	18.5
Effective Tax Rate (%)	25.6	25.6	25.2	25.2
Net Profit Margins (%)	10.0	10.6	11.2	11.6
NWC / Total Assets (%)	43.8	36.8	16.0	14.8
Net Debt / Equity (x)	(0.2)	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.6)	(0.2)	(0.6)	(0.8)
Profitability Ratios				
RoCE (%)	21.8	18.0	17.7	18.4
RoE (%)	25.6	21.0	21.6	21.9
RoC (%)	21.8	18.0	17.7	18.4
Fixed Asset Turnover (x)	3.0	2.6	2.4	2.3
Inventory Turnover Days	60	62	60	60
Receivables Days	17	28	16	16
Payables Days	45	42	44	44

Source Company data, I-Sec research

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