

February 5, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	3,370		3,337	
Sales (Rs. m)	26,064	31,438	25,113	30,910
% Chng.	3.8	1.7		
EBITDA (Rs. m)	4,603	5,524	4,430	5,422
% Chng.	3.9	1.9		
EPS (Rs.)	45.8	56.2	44.1	55.6
% Chng.	3.9	1.0		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	15,371	19,354	26,064	31,438
EBITDA (Rs. m)	2,727	3,545	4,603	5,524
Margin (%)	17.7	18.3	17.7	17.6
PAT (Rs. m)	1,531	2,104	2,779	3,408
EPS (Rs.)	25.2	34.7	45.8	56.2
Gr. (%)	(99.0)	37.4	32.0	22.7
DPS (Rs.)	2.5	2.5	3.0	3.5
Yield (%)	0.1	0.1	0.1	0.1
RoE (%)	26.6	23.0	24.1	23.4
RoCE (%)	31.9	27.8	29.6	29.1
EV/Sales (x)	10.3	8.2	6.1	5.0
EV/EBITDA (x)	58.0	44.7	34.4	28.2
PE (x)	104.5	76.0	57.6	47.0
P/BV (x)	19.6	15.7	12.4	9.9

Key Data

DOMS.BO | DOMS IN

52-W High / Low	Rs.3,115 / Rs.1,285
Sensex / Nifty	78,584 / 23,739
Market Cap	Rs.160bn/ \$ 1,838m
Shares Outstanding	61m
3M Avg. Daily Value	Rs.579.52m

Shareholding Pattern (%)

Promoter's	70.38
Foreign	9.96
Domestic Institution	15.71
Public & Others	3.95
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.9)	14.2	86.5
Relative	(4.1)	17.7	71.0

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On a steady growth path

Quick Pointers:

- Excluding the hygiene business, revenue was up 21.4% YoY with an EBITDA margin of 18.4% indicating core stationary business is on a strong footing.

DOMS reported strong performance in 3QFY25 with revenue/PAT beat of 4%/8% respectively led by good show in the hygiene business. Revenues from Uniclanc Healthcare (hygiene business subsidiary) stood at ~Rs501mn with an EBITDA margin of ~10%. As the third line has commenced production, installed capacity has increased to 650mn pieces per annum. Given the capacity expansion, we expect hygiene business to provide an additional growth fillip in FY26E. Even core stationary business is on a steady growth path with ongoing expansion in pens and pencils. Progress over the new development plan on 44-acres land parcel at Umbergaon is on track and the first building is expected to be ready by 3QFY26E. Led by the ongoing expansion of product basket and distribution network, we expect sales and PAT CAGR of 27% over FY25E-FY27E. We have marginally increased our EPS estimates by ~1-4% over FY25E-FY27E amid strong performance in 3QFY25 and retain BUY on the stock with a TP of Rs3,370 (60x FY27E EPS; no change in target multiple).

Revenue increased 34.9% YoY: Revenue increased 34.9% YoY to Rs5,011mn (PLe Rs4,831mn) driven by capacity expansion in core stationary business and consolidation of Uniclanc Healthcare.

EBITDA/PAT up 26.7%/39.8% YoY: EBITDA increased 26.7% YoY to Rs879mn (PLe Rs831mn) with a margin of 17.5% (PLe 17.2%) as against 18.7% in 3QFY24. Margin compression was due to 29.0% YoY increase in employee costs to Rs702mn (PLe Rs647mn) amid new hires and ESOP grants, and an 49.7% YoY increase in other expenses to Rs601mn (PLe Rs551mn). PAT increased 39.8% YoY to Rs543mn with a margin of 10.8% (PLe 10.4%).

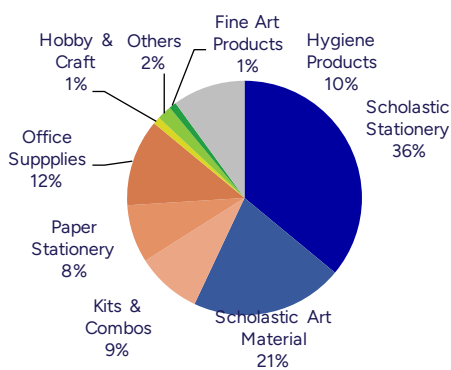
Con-call highlights: 1) In 3QFY25, working capital days stood at 45 excluding the hygiene business consolidation. **2)** Capex of Rs1bn has been incurred in 9MFY25 with plans to spend ~Rs1.6bn-1.75bn/Rs2bn-2.25bn in FY25E/FY26E. **3)** Exports fell 5% YoY, driven by a slowdown in Europe and ongoing issues in Middle East, while exports to FILA remained steady in 3QFY25. **4)** DOMS has entered into a distribution agreement with FILA to export branded stationery products in markets where FILA already has an established presence opening up a new avenue for growth. **5)** ClapJoy's revenue for the quarter stood at Rs20mn. **6)** Topline growth is likely to be in the range of 23-25% (inclusive of Uniclanc) with EBITDA margin of ~16-17% for FY25E. **7)** On a steady state basis, Uniclanc's EBITDA margin is expected to be in the range of 7.5-8%. **8)** SKIDO's revenue was Rs30mn in 3QFY25 with an EBITDA margin of 13%. **9)** Current pencil manufacturing capacity is 5.5mn per day, with plans to increase the same by an additional 2.5mn per day. **10)** Exports under own brand/FILA were at Rs270mn/370mn for the quarter. **11)** At peak utilization, Uniclanc can generate revenue of ~Rs2.5bn-Rs3bn. **12)** There is no material difference in export and domestic margins for Uniclanc. **13)** Prospective export markets for "Wowper" brand include Nepal, Middle East, Bangladesh, and Sri Lanka. **14)** The paper stationery business grew over 50% YoY, driven by capacity expansion and partnership with ISRO and Warner Bros for licensed comic characters.

Exhibit 1: Q3FY25 Result Overview - Consolidated (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr (%)	Q2FY25	QoQ gr (%)	Q3FY25E	% Var	9MFY25	9MFY24	YoY gr (%)
Net Sales	5,011	3,716	34.9	4,578	9.5	4,831	3.7	14,039	11,334	23.9
Expenditure										
Raw Materials	2,829	2,077	36.2	2,591	9.2	2,802	1.0	7,953	6,666	19.3
<i>% of Net sales</i>	<i>56.5</i>	<i>55.9</i>		<i>56.6</i>		<i>58.0</i>		<i>56.7</i>	<i>58.8</i>	
Personnel	702	544	29.0	615	14.1	647	8.5	1,928	1,569	22.9
<i>% of Net sales</i>	<i>14.0</i>	<i>14.6</i>		<i>13.4</i>		<i>13.4</i>		<i>13.7</i>	<i>13.8</i>	
Other Expenses	601	401	49.7	512	17.3	551	9.1	1,556	1,130	37.6
<i>% of Net sales</i>	<i>12.0</i>	<i>10.8</i>		<i>11.2</i>		<i>11.4</i>		<i>11.1</i>	<i>10.0</i>	
Total Expenditure	4,133	3,023	36.7	3,718	11.1	4,000	3.3	11,437	9,366	22.1
EBITDA	879	693	26.7	859	2.2	831	5.7	2,602	1,968	32.2
<i>Margin (%)</i>	<i>17.5</i>	<i>18.7</i>		<i>18.8</i>		<i>17.2</i>		<i>18.5</i>	<i>17.4</i>	
Depreciation	175	140	24.9	161	9.0	174	0.8	484	368	31.5
EBIT	703	553	27.1	698	0.7	657	7.0	2,118	1,600	32.4
Interest	36	50	(28.2)	38	(6.9)	39	(7.4)	114	128	(11.0)
Other Income	62	20	203.8	61	2.4	58	7.2	178	45	299.8
PBT	730	524	39.3	721	1.3	676	7.9	2,182	1,516	43.9
Tax	187	136	37.7	184	1.7	172	8.3	559	388	44.1
<i>Tax Rate (%)</i>	<i>25.6</i>	<i>25.9</i>		<i>25.5</i>		<i>25.5</i>		<i>25.6</i>	<i>25.6</i>	
Share of profit/loss from associates	0	0	(81.1)	(0)	NM	-	NM	(0)	(1)	NM
Reported PAT	543	388	39.8	537	1.1	504	7.7	1,623	1,127	43.9
<i>Margin (%)</i>	<i>10.8</i>	<i>10.4</i>		<i>11.7</i>		<i>10.4</i>		<i>11.6</i>	<i>9.9</i>	
OCI	(2)	(4)	NM	(9)	NM	-	NM	(12)	(16)	NM
PAT inclusive of OCI	541	384	41.0	527	2.6	504	7.4	1,610	1,111	44.9
EPS	8.9	6.9	30.0	8.8	1.2	8.3	7.7	26.7	20.0	33.8

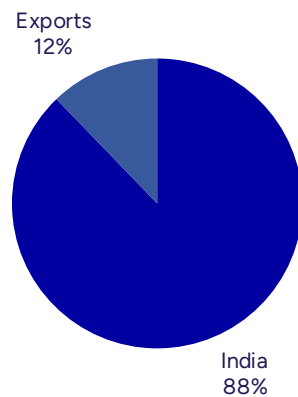
Source: Company, PL

Exhibit 2: Scholastic Stationery formed 36% of sales in 3QFY25



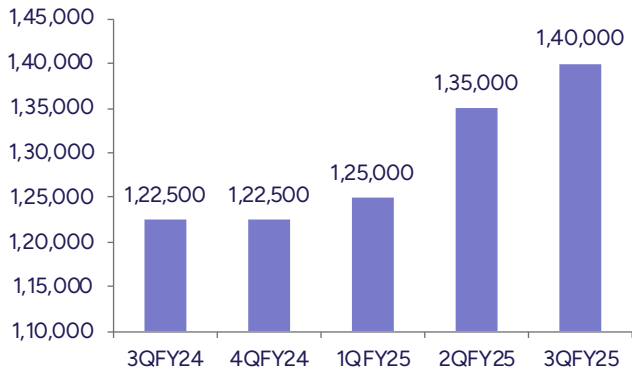
Source: Company, PL

Exhibit 3: Exports contribute 12% to revenue



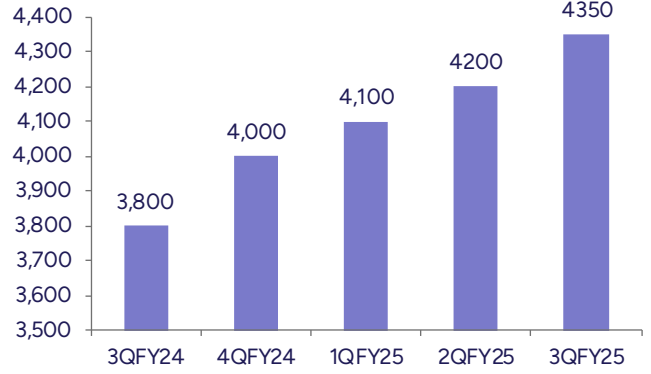
Source: Company, PL

Exhibit 4: 5K retail outlets were added in 3QFY25



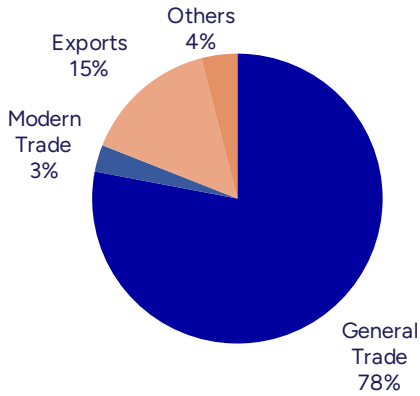
Source: Company, PL

Exhibit 5: SKU count for 3QFY25 stood at 4,350



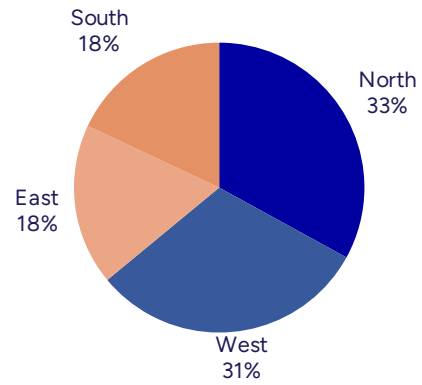
Source: Company, PL

Exhibit 6: General trade forms 78% of the channel mix



Source: Company, PL

Exhibit 7: North & West forms 64% of revenue



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	15,371	19,354	26,064	31,438
YoY gr. (%)	26.8	25.9	34.7	20.6
Cost of Goods Sold	8,928	10,945	15,078	18,187
Gross Profit	6,444	8,409	10,986	13,251
Margin (%)	41.9	43.5	42.2	42.2
Employee Cost	2,131	2,658	3,359	4,143
Other Expenses	1,586	2,206	3,023	3,584
EBITDA	2,727	3,545	4,603	5,524
YoY gr. (%)	46.1	30.0	29.9	20.0
Margin (%)	17.7	18.3	17.7	17.6
Depreciation and Amortization	512	670	884	1,005
EBIT	2,215	2,875	3,720	4,520
Margin (%)	14.4	14.9	14.3	14.4
Net Interest	171	149	116	103
Other Income	101	232	287	346
Profit Before Tax	2,145	2,959	3,891	4,763
Margin (%)	14.0	15.3	14.9	15.1
Total Tax	548	755	992	1,214
Effective tax rate (%)	25.6	25.5	25.5	25.5
Profit after tax	1,597	2,204	2,899	3,548
Minority interest	65	100	120	140
Share Profit from Associate	0	-	-	-
Adjusted PAT	1,531	2,104	2,779	3,408
YoY gr. (%)	59.8	37.4	32.0	22.7
Margin (%)	10.0	10.9	10.7	10.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,531	2,104	2,779	3,408
YoY gr. (%)	59.8	37.4	32.0	22.7
Margin (%)	10.0	10.9	10.7	10.8
Other Comprehensive Income	(15)	(10)	(10)	(10)
Total Comprehensive Income	1,516	2,094	2,769	3,398
Equity Shares O/s (m)	61	61	61	61
EPS (Rs)	25.2	34.7	45.8	56.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	6,040	7,992	10,548	11,858
Tangibles	6,031	7,973	10,518	11,819
Intangibles	9	19	29	39
Acc: Dep / Amortization	1,682	2,352	3,235	4,240
Tangibles	1,673	2,336	3,211	4,206
Intangibles	9	15	24	34
Net fixed assets	4,358	5,640	7,312	7,618
Tangibles	4,357	5,636	7,307	7,613
Intangibles	1	4	5	5
Capital Work In Progress	254	290	313	157
Goodwill	624	624	624	624
Non-Current Investments	144	189	249	298
Net Deferred tax assets	54	50	68	75
Other Non-Current Assets	301	275	370	384
Current Assets				
Investments	-	-	-	-
Inventories	2,251	2,757	3,642	4,393
Trade receivables	646	1,167	1,571	1,895
Cash & Bank Balance	3,059	2,762	2,713	5,026
Other Current Assets	201	271	365	440
Total Assets	11,900	14,038	17,245	20,932
Equity				
Equity Share Capital	607	607	607	607
Other Equity	7,537	9,580	12,286	15,612
Total Networkth	8,144	10,187	12,893	16,219
Non-Current Liabilities				
Long Term borrowings	837	737	637	637
Provisions	149	145	195	236
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	452	354	357	360
Trade payables	904	1,167	1,500	1,723
Other current liabilities	705	726	925	1,006
Total Equity & Liabilities	11,900	14,038	17,245	20,932

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	2,145	2,959	3,891	4,763
Add. Depreciation	512	670	884	1,005
Add. Interest	171	149	116	103
Less Financial Other Income	101	232	287	346
Add. Other	(70)	(232)	(287)	(346)
Op. profit before WC changes	2,758	3,545	4,603	5,524
Net Changes-WC	(289)	(831)	(834)	(828)
Direct tax	(643)	(755)	(992)	(1,214)
Net cash from Op. activities	1,826	1,959	2,778	3,481
Capital expenditures	(1,532)	(1,778)	(2,368)	(945)
Interest / Dividend Income	22	232	287	346
Others	(3,066)	(227)	(364)	(271)
Net Cash from Invt. activities	(4,576)	(1,773)	(2,446)	(870)
Issue of share cap. / premium	3,500	-	-	-
Debt changes	(792)	-	-	-
Dividend paid	(93)	(152)	(182)	(212)
Interest paid	(158)	(149)	(116)	(103)
Others	515	(183)	(83)	17
Net cash from Fin. activities	2,972	(484)	(381)	(298)
Net change in cash	222	(297)	(49)	2,314
Free Cash Flow	292	181	410	2,537

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	25.2	34.7	45.8	56.2
CEPS	33.7	45.7	60.3	72.7
BVPS	134.2	167.9	212.5	267.3
FCF	4.8	3.0	6.7	41.8
DPS	2.5	2.5	3.0	3.5
Return Ratio(%)				
RoCE	31.9	27.8	29.6	29.1
ROIC	22.9	25.3	26.7	26.4
RoE	26.6	23.0	24.1	23.4
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.1)	(0.2)
Net Working Capital (Days)	47	52	52	53
Valuation(x)				
PER	104.5	76.0	57.6	47.0
P/B	19.6	15.7	12.4	9.9
P/CEPS	78.3	57.7	43.7	36.3
EV/EBITDA	58.0	44.7	34.4	28.2
EV/Sales	10.3	8.2	6.1	5.0
Dividend Yield (%)	0.1	0.1	0.1	0.1

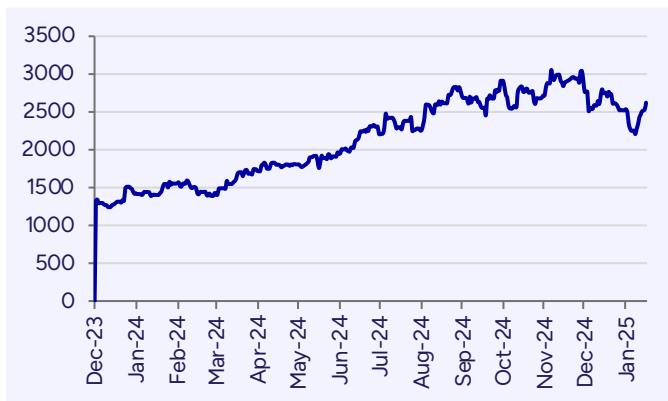
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	4,037	4,450	4,578	5,011
YoY gr. (%)	20.0	17.3	19.7	34.9
Raw Material Expenses	2,261	2,533	2,591	2,829
Gross Profit	1,776	1,918	1,987	2,182
Margin (%)	44.0	43.1	43.4	43.5
EBITDA	759	864	859	879
YoY gr. (%)	22.6	38.9	31.7	26.7
Margin (%)	18.8	19.4	18.8	17.5
Depreciation / Depletion	144	148	161	175
EBIT	615	716	698	703
Margin (%)	15.2	16.1	15.3	14.0
Net Interest	43	40	38	36
Other Income	57	56	61	62
Profit before Tax	629	732	721	730
Margin (%)	15.6	16.4	15.7	14.6
Total Tax	160	189	184	187
Effective tax rate (%)	25.5	25.8	25.5	25.6
Profit after Tax	469	543	537	543
Minority interest	18	25	23	35
Share Profit from Associates	1	-	-	-
Adjusted PAT	452	518	513	507
YoY gr. (%)	32.9	49.8	42.5	35.8
Margin (%)	11.2	11.6	11.2	10.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	452	518	513	507
YoY gr. (%)	32.9	49.8	42.5	35.8
Margin (%)	11.2	11.6	11.2	10.1
Other Comprehensive Income	1	(1)	(9)	(2)
Total Comprehensive Income	452	517	504	506
Avg. Shares O/s (m)	61	61	61	61
EPS (Rs)	8.2	9.0	8.8	8.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	3,337	2,740
2	12-Nov-24	BUY	3,337	2,789
3	18-Oct-24	BUY	3,349	2,924

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,064	767
2	Delhivery	Hold	361	335
3	DOMS Industries	BUY	3,337	2,740
4	Imagicaaworld Entertainment	BUY	108	71
5	Indian Railway Catering and Tourism Corporation	Hold	835	770
6	InterGlobe Aviation	BUY	5,246	4,162
7	Lemon Tree Hotels	BUY	179	147
8	Mahindra Logistics	Hold	399	354
9	Navneet Education	Hold	139	140
10	Nazara Technologies	BUY	1,201	985
11	PVR Inox	Hold	1,319	1,178
12	S Chand and Company	BUY	322	205
13	Safari Industries (India)	BUY	2,939	2,560
14	TCI Express	BUY	1,027	814
15	V.I.P. Industries	BUY	463	374
16	Zee Entertainment Enterprises	Hold	137	121

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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