

DOMS Industries | BUY

Stable quarter; Recovery in Core stationery business is positive

DOMS 1QFY26 earnings print was tad better than our expectations. On the revenue front, the construct was better vs. previous quarter - Core stationery business growth was c.18% (inline & better than 14% seen in 4Q) and incremental growth was led by higher sales from recently acquired Uniclan business. Within core business, while combined gross revenue of Scholastic stationery, Scholastic art material & Kits & combos (together accounted for c.64% of gross sales) grew by 6.4% (recovery vs. marginal decline in 4QFY25), strong momentum in Pens, Paper stationery and Hobby & craft resulted in high teen's growth for overall stationery business which is a key positive. Uniclan performance was on expected lines aided by additions in capacity & channel partners. Operating performance was tad better - our est. indicate base business margin at c.18.3% and Uniclan margins at c.6.8%. Management on conservative basis is looking at consol. sales growth of 18-20%, EBITDA margin of c.16.5-17.5% & PAT margin of 10% (Uniclan acquisition led amortisation impact of c. INR 45mn/year) for FY26E. We like DOMS' execution so far as well as its strategy of increasing TAM and extending to additional categories (like toys, bags, baby care etc.). Going ahead pace of commissioning of new capacities will be key for acceleration in writing instruments. Execution on Paper stationery & Uniclan business (distribution expansion) over medium term will be another key monitorable. We tweak our est. factoring tad higher discounts & lower margins, roll forward to Sep 27E EPS & retain Buy with unchanged TP of INR 2,845.

- **Core stationery business sales growth (+18%) recovers vs. moderation seen in 4Q:** Consol. revenue grew by 26.4% yoy to INR 5.6bn (inline). LTL sales (in Core stationery business) growth of c.18% yoy is an improvement vs. 14% seen in 4QFY25. On Segmental basis, strong growth was seen in gross sales for Paper stationery (+27%), Kits & combos (+53%), Office supplies (+83%) and Hobby & Craft (2.8x of LY). Scholastic stationery (+1.8%) and Scholastic art Material (flat) sales were muted on account of capacity constraints, higher rebates/discounts and increased preference for Kits & Combos. Recently acquired Uniclan Healthcare business reported sales of INR 360mn (lower vs. 2HFY25 runrate due to seasonality) led by capacity additions and increased penetration due to addition of new channel partners. Exports grew c.19% yoy during the quarter with strong traction for DOMS branded products.
- **Margin delivery inline with management guidance:** Gross margins were down 96bps yoy/180bps qoq (consolidation of Uniclan and weaker mix in stationery) to 42.1% (lower than our estimate of 43.2%). Staff cost and other expenses grew by c.25% and c.40% resulting into EBITDA growth of 14.3% to INR 987mn (c.3% above est.). EBITDA margin contracted by 185bps yoy to 17.6% (tad better vs. our est. and closer to the upper end of management's guidance of 16.5-17.5%). On Segmental basis, the core stationery business EBITDA margins stood at c.18% while Uniclan business EBITDA margins are lower at 6.8%. Reported PAT grew 10.5% to INR 573m (6% above our est.) due to higher depreciation (+38% yoy, includes impact of additional amortisation due to Uniclan consolidation) and lower other income (utilisation of funds partly towards capex).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,344	19,096	22,895	27,322	32,337
Sales Growth (%)	27.1	24.5	19.9	18.5	18.4
EBITDA	2,727	3,484	4,016	4,724	5,595
EBITDA Margin (%)	17.7	18.2	17.5	17.3	17.3
Adjusted Net Profit	1,531	2,023	2,268	2,623	3,133
Diluted EPS (INR)	25.2	33.3	37.4	43.2	51.6
Diluted EPS Growth (%)	38.0	32.1	12.1	17.0	19.4
ROIC (%)	31.0	25.1	21.3	21.3	22.8
ROE (%)	26.6	22.3	20.8	21.2	22.7
P/E (x)	90.7	68.6	61.2	52.9	44.3
P/B (x)	17.0	13.8	11.8	10.7	9.5
EV/EBITDA (x)	50.6	40.1	34.8	29.7	25.0
Dividend Yield (%)	0.1	0.1	0.4	0.9	1.1

Source: Company data, JM Financial. Note: Valuations as of 08/Aug/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,845
Upside/(Downside)	24.4%
Previous Price Target	2,845
Change	0.0%

Key Data – DOMS IN

Current Market Price	INR2,288
Market cap (bn)	INR138.8/US\$1.6
Free Float	30%
Shares in issue (mn)	60.7
Diluted share (mn)	60.7
3-mon avg daily val (mn)	INR245.2/US\$2.8
52-week range	3,115/2,092
Sensex/Nifty	79,858/24,363
INR/US\$	87.7

Price Performance

%	1M	6M	12M
Absolute	-4.7	-19.7	-4.3
Relative*	-1.5	-23.3	-4.5

* To the BSE Sensex

JM Financial Research is also available on:
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Exhibit 1. 1QFY26 consolidated snapshot: Overall performance better vs. our optimistic estimates

	1QFY26	1QFY25	YoY growth	1QFY26E	% Var
Net Sales	5,623	4,450	26.4%	5,561	1.1%
Total Revenue	5,623	4,450	26%	5,561	1.1%
Gross Profit	2,369	1,918	24%	2,402	-1.4%
Gross Profit Margin %	42.1%	43.1%	-96 bps	43.2%	-107 bps
Staff Cost	764	611	25.05%	751	1.8%
Other Expenses	618	443	39.55%	690	-10.4%
EBITDA	987	864	14.3%	962	2.6%
EBITDA margin %	17.6%	19.4%	-185 bps	17.3%	26 bps
Depreciation	204	148	37.9%	215	-5.1%
EBIT	783	716	9.4%	747	4.9%
Interest Expense	35	40	-12.9%	38	-8.5%
Financial Other Income	45	56	-19.2%	48	-6.4%
PBT pre-exceptional	793	732	8.4%	757	4.8%
PBT post exceptional /forex impact	793	732	8.4%	757	4.8%
Taxes	202	189	7.3%	191	6.1%
Minority Interest	18	25	-25.6%	25	-26.7%
Reported Net Profit	573	518	10.5%	541	5.8%

Source: Company, JM Financial

Exhibit 2. Quarterly financial performance – consolidated basis

INR mn	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Sales	3,794	3,824	3,716	4,037	4,450	4,578	5,011	5,087	5,623
YoY	NM	NM	22.3%	20.0%	17.3%	19.7%	34.9%	26.0%	26.4%
Organic revenue growth*	NM	NM	NM	NM	NM	NM	21.5%	14.1%	18.3%
Gross Profit	1,458	1,571	1,639	1,776	1,918	1,987	2,182	2,235	2,369
Staff cost	493	533	544	561	611	615	702	724	764
Other expenses	343	386	401	456	443	512	601	628	618
EBITDA	622	652	693	759	864	859	879	883	987
YoY	NM	NM	42.7%	22.6%	38.9%	31.7%	26.7%	16.2%	14.3%
Depreciation	110	118	140	144	148	161	175	208	204
Interest	37	41	50	43	40	38	36	36	35
Other income	12	12	20	57	56	61	62	48	45
PBT	488	505	524	629	732	721	730	686	793
YoY	NM	NM	44.3%	28.0%	50.0%	42.8%	39.3%	9.1%	8.4%
Tax	124	128	136	160	189	184	187	174	202
PAT after exceptional item	364	376	388	469	543	537	543	513	591
Share of profit of associates	(0.6)	(0.3)	0.1	0.6	0.0	(0.0)	0.0	0.0	(0.1)
Minority Interest	17	16	15	18	25	23	35	28	18
PAT	346	360	373	452	518	513	507	484	573
YoY	NM	NM	46.3%	32.9%	49.8%	42.5%	35.8%	7.2%	10.5%
% to sales	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Gross margin	38.4%	41.1%	44.1%	44.0%	43.1%	43.4%	43.5%	43.9%	42.1%
Staff cost	13.0%	13.9%	14.6%	13.9%	13.7%	13.4%	14.0%	14.2%	13.6%
Other expenses	9.0%	10.1%	10.8%	11.3%	9.9%	11.2%	12.0%	12.3%	11.0%
EBITDA margin	16.4%	17.1%	18.7%	18.8%	19.4%	18.8%	17.5%	17.3%	17.6%

Source: Company, JM Financial

*Revenue growth excluding consolidation of Uniclan business acquired in Sep'24.

Exhibit 3. Revenue mix – product category-wise

Product mix (% to sales)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Scholastic Stationery	47%	44%	44%	41%	43%	41%	36%	31%	34%
Scholastic Art Material	24%	30%	27%	27%	25%	25%	21%	18%	20%
Kits & Combos	9%	9%	11%	11%	8%	9%	9%	12%	9%
Paper Stationery	11%	8%	7%	10%	11%	7%	8%	12%	11%
Office Supplies	6%	7%	7%	8%	10%	11%	12%	13%	14%
Hobby & Craft	2%	0%	1%	1%	1%	1%	1%	1%	3%
Fine Art Products	1%	1%	1%	1%	1%	1%	1%	2%	1%
Uniclan	NM	NM	NM	NM	NM	3%	10%	10%	7%
Miscellaneous	NM	1%	2%	1%	1%	2%	2%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, JM Financial

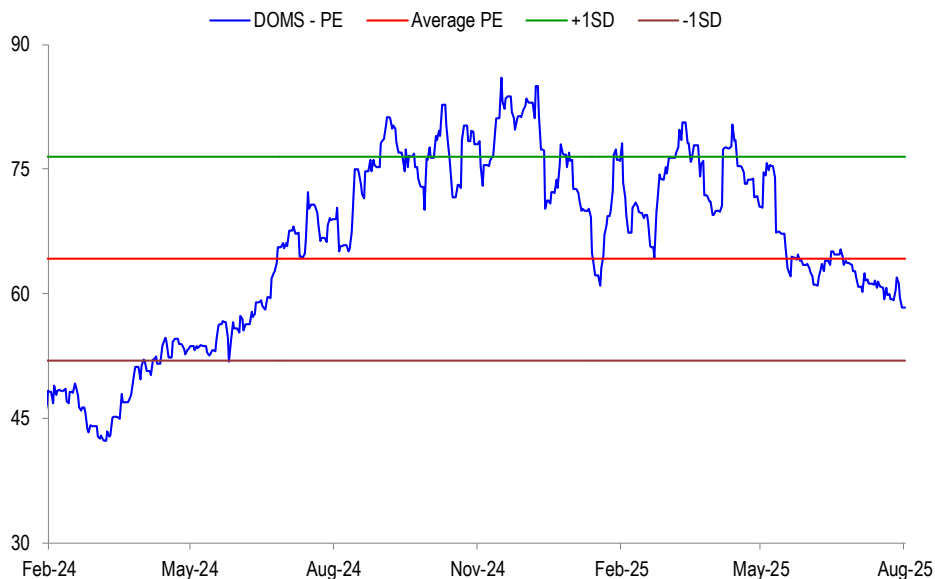
Exhibit 4. Segmental performance

Segment Information	1QFY26	1QFY25	4QFY25	YoY growth	QoQ growth
<u>Segment Revenue (INR mn)</u>					
Stationery products	5,262	4,450	4,607	18.3%	14.2%
Hygiene products*	360	-	481	NM	-25.0%
Total	5,623	4,450	5,088	26.4%	10.5%
Less: Inter segment revenue	-	-	(0.2)		
Total revenue from operations	5,623	4,450	5,087	26.4%	10.5%
<u>Segment EBITDA (INR mn)**</u>					
Stationery products	1,008	920	891	9.6%	13.2%
Hygiene products*	24	-	40	NM	-38.4%
Total EBITDA	1,032	920	930	12.3%	11.0%
<u>Segment EBITDA margin %</u>					
Stationery products	19.2%	20.7%	19.3%	-151 bps	-18 bps
Hygiene products*	6.8%	NM	8.2%	NM	-147 bps
Total EBITDA margin %	18.4%	20.7%	18.3%	-230 bps	8 bps

Source: Company, JM Financial

*Uniclan business was acquired in Sep'24

**Segment EBITDA includes other income

Exhibit 5. DOMS' PE Band since date of listing

Source: Company, Bloomberg, JM Financial

Exhibit 6. Revision in estimates

INR mn	Revised			Earlier			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	23,060	27,322	32,337	22,895	27,705	33,128	0.7%	-1.4%	-2.4%
EBITDA	3,985	4,724	5,595	4,016	4,856	5,810	-0.8%	-2.7%	-3.7%
PAT	2,242	2,623	3,133	2,268	2,724	3,290	-1.1%	-3.7%	-4.8%
EPS	36.9	43.2	51.6	37.4	44.9	54.2	-1.1%	-3.7%	-4.8%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	15,344	19,096	22,895	27,322	32,337
Sales Growth	27.1%	24.5%	19.9%	18.5%	18.4%
Other Operating Income	27	30	31	38	45
Total Revenue	15,371	19,126	22,926	27,360	32,382
Cost of Goods Sold/Op. Exp	8,928	10,806	12,936	15,574	18,432
Personnel Cost	2,131	2,652	3,173	3,784	4,475
Other Expenses	1,586	2,183	2,802	3,278	3,880
EBITDA	2,727	3,484	4,016	4,724	5,595
EBITDA Margin	17.7%	18.2%	17.5%	17.3%	17.3%
EBITDA Growth	46.1%	27.8%	15.2%	18.6%	18.4%
Depn. & Amort.	512	692	888	1,101	1,290
EBIT	2,215	2,793	3,128	3,623	4,305
Other Income	101	226	209	176	175
Finance Cost	171	150	145	120	103
PBT before Excep. & Forex	2,145	2,868	3,192	3,679	4,377
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	2,145	2,868	3,192	3,679	4,377
Taxes	548	733	804	927	1,103
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	65	112	120	128	141
Reported Net Profit	1,531	2,023	2,268	2,623	3,133
Adjusted Net Profit	1,531	2,023	2,268	2,623	3,133
Net Margin	10.0%	10.6%	9.9%	9.6%	9.7%
Diluted Share Cap. (mn)	60.7	60.7	60.7	60.7	60.7
Diluted EPS (INR)	25.2	33.3	37.4	43.2	51.6
Diluted EPS Growth	38.0%	32.1%	12.1%	17.0%	19.4%
Total Dividend + Tax	152	191	567	1,312	1,566
Dividend Per Share (INR)	2.5	3.2	9.3	21.6	25.8

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,145	2,868	3,192	3,679	4,377
Depn. & Amort.	512	692	888	1,101	1,290
Net Interest Exp. / Inc. (-)	70	-76	-64	-55	-71
Inc (-) / Dec in WCap.	-289	-968	-328	-471	-518
Others	31	74	0	0	0
Taxes Paid	-643	-757	-801	-922	-1,096
Operating Cash Flow	1,826	1,833	2,887	3,331	3,981
Capex	-1,532	-2,130	-2,289	-2,240	-1,940
Free Cash Flow	294	-297	598	1,091	2,041
Inc (-) / Dec in Investments	-2,356	843	0	0	0
Others	-689	-108	209	176	175
Investing Cash Flow	-4,576	-1,396	-2,080	-2,065	-1,766
Inc / Dec (-) in Capital	3,347	0	0	0	0
Dividend + Tax thereon	-93	-152	-567	-1,312	-1,566
Inc / Dec (-) in Loans	-13	35	-364	-355	-223
Others	-269	-281	-222	-146	-85
Financing Cash Flow	2,972	-398	-1,153	-1,813	-1,875
Inc / Dec (-) in Cash	222	40	-346	-546	341
Opening Cash Balance	2,837	2,214	2,254	1,854	1,308
Closing Cash Balance	3,059	2,254	1,908	1,308	1,648

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	8,144	10,028	11,729	13,021	14,588
Share Capital	607	607	607	607	607
Reserves & Surplus	7,537	9,421	11,122	12,414	13,981
Preference Share Capital	0	0	0	0	0
Minority Interest	278	797	917	1,045	1,186
Total Loans	1,159	1,531	1,167	811	588
Def. Tax Liab. / Assets (-)	-54	30	30	30	30
Total - Equity & Liab.	9,527	12,386	13,843	14,908	16,392
Net Fixed Assets	4,675	6,920	8,398	9,579	10,211
Gross Fixed Assets	5,132	7,402	9,691	11,948	13,888
Intangible Assets	624	746	746	746	746
Less: Depn. & Amort.	1,317	2,008	2,897	3,998	5,288
Capital WIP	237	781	858	883	865
Investments	15	15	15	15	15
Current Assets	6,595	7,592	8,059	8,458	9,887
Inventories	2,251	2,940	3,387	4,005	4,696
Sundry Debtors	646	1,343	1,505	1,647	1,772
Cash & Bank Balances	3,059	2,254	1,908	1,308	1,648
Loans & Advances	139	288	343	406	478
Other Current Assets	499	767	916	1,093	1,293
Current Liab. & Prov.	1,759	2,141	2,629	3,144	3,721
Current Liabilities	1,541	1,835	2,280	2,729	3,229
Provisions & Others	217	306	349	415	492
Net Current Assets	4,836	5,451	5,430	5,314	6,166
Total - Assets	9,527	12,386	13,843	14,908	16,392

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	10.0%	10.6%	9.9%	9.6%	9.7%
Asset Turnover (x)	2.2	1.7	1.7	1.9	2.1
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.1
RoE	26.6%	22.3%	20.8%	21.2%	22.7%

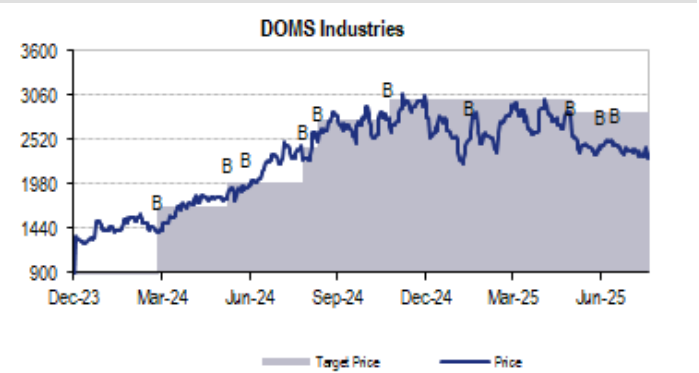
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	134.2	165.3	193.3	214.6	240.4
ROIC	31.0%	25.1%	21.3%	21.3%	22.8%
ROE	26.6%	22.3%	20.8%	21.2%	22.7%
Net Debt/Equity (x)	-0.2	-0.1	-0.1	0.0	-0.1
P/E (x)	90.7	68.6	61.2	52.9	44.3
P/B (x)	17.0	13.8	11.8	10.7	9.5
EV/EBITDA (x)	50.6	40.1	34.8	29.7	25.0
EV/Sales (x)	9.0	7.3	6.1	5.1	4.3
Debtor days	15	26	24	22	20
Inventory days	53	56	54	53	53
Creditor days	44	43	44	44	44

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
15-Mar-24	Buy	1,710	
27-May-24	Buy	2,000	17.0
15-Jun-24	Buy	2,000	0.0
13-Aug-24	Buy	2,415	20.8
29-Aug-24	Buy	2,750	13.9
11-Nov-24	Buy	3,000	9.1
3-Feb-25	Buy	3,000	0.0
20-May-25	Buy	2,845	-5.2
18-Jun-25	Buy	2,845	0.0
4-Jul-25	Buy	2,845	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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