


DOMS Sharpens its Growth Story; Maintain BUY
Est. Vs. Actual for Q1FY26: Revenue – BEAT; EBITDA – MISS; PAT – MISS
Changes in Estimates post Q1FY26
FY26E/FY27E – Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%
Recommendation Rationale

- **Robust Performance:** DOMS reported strong revenue growth of over 26% YoY, reflecting the benefits of timely capacity expansion, strategic initiatives, and brand strength. The growth was primarily volume-led, with a marginal ASP increase driven by product mix changes.
- **Expanding Portfolio; Crafting Relevance across Categories:** DOMS expanded its portfolio across core categories and high-growth segments such as Hobby & Craft, Baby Hygiene, and Back-to-School, registering strong consumer uptake. The acquisition of Super Treads has strengthened its presence in Eastern India and enhanced its paper stationery capacity. The flagship ~44-acre greenfield expansion is progressing on schedule, with the first factory building expected by Q3FY26 and commercial production targeted for Q4FY26, complemented by phased brownfield expansions to meet growing demand.
- **Demand Outlook:** For FY26, DOMS is targeting 18–20% revenue growth, driven by capacity additions in core categories and an expanded product portfolio. EBITDA margins are expected at 16.5–17.5%, with PAT margins around 10%. Despite macro headwinds, management remains confident, supported by improving domestic demand and a sustained focus on scaling production, expanding distribution, and enhancing operational efficiency.

Sector Outlook: Positive
Company Outlook & Guidance: We maintain our **BUY** recommendation on the stock, considering the company's future growth prospects.

Current Valuation: 58xMar-27 EPS (Earlier Valuation: Unchanged)
Current TP: Rs 2,820 /share (Earlier TP: Rs 2,820/share).
Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance

DOMS reported revenue growth of 26.4% YoY, driven by higher volumes from capacity additions and growth in export sales. EBITDA rose 14.3% YoY, though margins contracted by 185 bps to 17.6% due to higher Opex. Net profit was Rs 57 Cr, up 10.5% YoY.

Outlook: The company has been implementing strategic initiatives over the last couple of years, and these efforts are expected to bear fruit in the coming year. Key initiatives include:

 1) **End-to-end Operational Management:** The company is focusing on driving operational efficiency while maintaining high-quality standards. The upcoming 44-acre greenfield facility is expected to boost growth further.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Est.	Variance (%)
Net Sales	562	10.5	26.4	543	3.6
EBITDA	99	11.9	14.3	100	(1.3)
EBITDA Margin (%)	17.6	21 bps	-185 bps	18.4	-87 bps
Net Profit	57	18.3	10.5	60	(4.5)
EPS (Rs)	9	18.3	10.5	10	(4.5)

Source: Company, Axis Research

 (CMP as of 11th Aug 2025)

CMP (Rs)	2,508
Upside /Downside (%)	12%
High/Low (Rs)	3111/2094
Market cap (Cr)	15221
Avg. daily vol. (6m) Shrs'000.	163
No. of shares (Cr)	6

Shareholding (%)

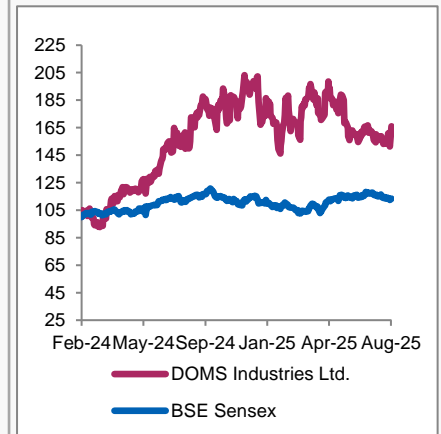
	Dec-24	Mar-25	Jun-25
Promoter	70.4	70.4	70.4
FIs	10.0	9.9	9.1
MFs / UTI	13.8	13.9	14.2
Banks / FIs	0.0	0.0	0.0
Others	5.9	5.8	6.3

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	1,913	2,305	2,789
EBITDA	348	386	491
Net Profit	202	228	295
EPS, Rs	33.3	37.5	48.6
PER, x	75.2	66.9	51.6
EV/EBITDA, x	43.5	39.2	30.7
ROE, %	20.2	18.8	19.9

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	0%	0%
PAT	0%	0%

Relative Performance


Source: Ace Equity, Axis Securities

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Financial Performance (Cont'd)

2) **Product Expansion:** DOMS continues to expand into the larger pens category, moving beyond its traditional focus on small pencils. This will diversify the product portfolio. Additionally, entering the fast-growing bags, toys, and diapers segments will further drive growth.

3) **Distribution Expansion:** DOMS has reached 1,45,000 outlets, with significant untapped potential in markets across the east and south of India and smaller towns. The company sees the opportunity to expand its reach to ~3,00,000-3,50,000 outlets.

4) **Strategic Partnership with FILA:** The partnership with FILA will enable DOMS to expand its global reach and leverage FILA's R&D capabilities, providing a long-term competitive advantage.

These initiatives are expected to contribute significantly to the company's growth trajectory in the coming years.

Valuation & Recommendation

Given this thesis, we expect the company to report Revenue/EBITDA/PAT growth of 22%/22%/24% CAGR over FY24-27E. **Hence, we maintain our BUY rating and value the company at 58x Mar-27 EPS to arrive at a TP of Rs 2,820/share, implying an upside of 12% from the CMP.**

Other Key Concall Highlights

Segmental Performance

- In Q1FY26, DOMS' core categories—Scholastic Stationery (-0.1% YoY), Scholastic Art Material (+1.1% YoY), and Kits & Combos (+42.1% YoY)—registered combined gross sales growth of ~6.4% YoY to Rs 369.5 Cr (vs Rs 347.2 Cr). Growth in Scholastic Stationery and Art remained muted due to the absence of major capacity additions, while Kits & Combos delivered strong expansion.
- Management reiterated that Scholastic Stationery and Art performance should be evaluated alongside Kits & Combos, given overlapping product offerings. Capacity expansion in the core wooden pencil segment—requiring upgrades across three manufacturing stages—is progressing, with two stages completed and the final phase (pencil finishing) scheduled post-handover of the first building at the 44-acre facility by Q3FY26. Commercial production is targeted within 90 days thereafter, expected to accelerate growth in the core category.
- Product diversification remains robust, with new launches in Scholastic Stationery, Scholastic Art, Kits & Combos, Paper Stationery, and Office Supplies. The Office Supplies segment grew 77% YoY, driven by strong traction in pens and highlighters, with further capacity expansion planned in FY26.
- The Hobby & Craft division—including modelling materials, glues, adhesives, and gums—continued to record healthy sequential and YoY growth, supported by last year's differentiated adhesive launch. The company aims to strengthen its scholastic adhesive presence, leveraging distribution reach and brand equity, while avoiding commoditised B2B adhesive segments. Early consumer response to its expanded portfolio—including hobby & craft, baby hygiene, and back-to-school products—has been encouraging, positioning DOMS for broad-based growth once capacity constraints ease.

Performance of Unilcan

- Q1 growth was primarily driven by the Unilcan acquisition, contributing Rs 36 Cr in revenues versus no consolidation in the base quarter. Unilcan's sales rose ~40% YoY, supported by early monsoons, capacity expansion in wet wipes, and strong e-commerce traction (35%+ of sales). Near-term EBITDA margins are expected to remain at 8–9%, with a strategic focus on scaling sales, strengthening domestic distribution, and leveraging cross-selling opportunities through DOMS' stationery network. Expansion will remain measured, prioritising throughput per channel partner over rapid network expansion.

Capacity Expansion remains on track:

- DOMS' ~44-acre greenfield expansion remains on track, with the first factory building targeted for completion by Q3FY26 and commercial production scheduled for Q4FY26. This project, coupled with brownfield expansions and recent land acquisitions, is set to materially enhance capacity across product segments.
- Q1FY26 capex stood at Rs 70 Cr, with full-year investments guided at Rs 210–225 Cr—largely allocated to the 44-acre facility, plant & machinery, and adjacent land purchases. By FY26-end, cumulative investment in the project will near Rs 300 Cr, though a significant portion will remain in CWIP due to phased building possession.
- Management expects initial capacity utilisation from the new facility in FY27 to generate 2–2.25x asset turns, with potential to scale towards 3x over time. The company remains confident of sustaining its historical 18–20% growth trajectory, supported by robust demand and expanded production capabilities.

Paper Stationery Capacity Boost via STPL Acquisition:

- DOMS has successfully acquired Super Treads Pvt. Ltd. (STPL), adding ~3,600 MTPA to its paper stationery production capacity and strengthening its presence in Eastern India. The acquisition enhances regional manufacturing and distribution capabilities, enabling faster service to local markets, deeper customer engagement, and improved market share capture in the growing paper stationery segment. The move aligns with DOMS' strategic focus on portfolio expansion and geographic penetration.

Export growth momentum

- DOMS' branded products continued to gain traction in established export markets, driving quarterly growth. Newly launched markets through the FILA Group's distribution network have also delivered an encouraging response. The company remains optimistic about sustaining momentum and expanding its global footprint by leveraging FILA's established channels.

Key Risks to Our Estimates and TP

- Volatility in raw material prices.
- Increase in the competitive intensity.
- Higher valuation

Change in Estimates

	Old Est.		Revised Est.		% Revision	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,305	2,789	2,305	2,789	0%	0%
EBITDA	386	491	386	491	0%	0%
PAT	228	295	228	295	0%	0%
EPS	38	49	38	49	-1%	-1%

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q1FY25	Q4FY25	Axis Est.	Q1FY26	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
Net Sales	445	509	543	562	26.4	10.5	3.6
Gross Profit	192	223	236	237	23.5	6.0	0.3
<i>Gross Margin (%)</i>	43.1	43.9	43.5	42.1	-96 bps	-179 bps	-137 bps
Employee Expenses	61	72	76	76	25.0	5.5	0.0
Other Expenses	44	63	60	62	39.6	(1.6)	3.4
EBITDA	86	88	100	99	14.3	11.9	(1.3)
<i>EBITDA Margin (%)</i>	19.4	17.3	18.4	17.6	-185 bps	21 bps	-87 bps
Oth. Inc	6	5	6	4	(19.2)	(5.5)	(23.1)
Interest	4	4	4	3	(12.9)	(4.2)	(5.1)
Depreciation	15	21	21	20	37.9	(1.7)	(3.6)
EO items	-	-	-	-			
PBT	73	69	81	79	8.4	15.6	(2.1)
Tax	19	17	21	20	7.3	16.6	(4.0)
Minority interest	(2)	(3)	-	(2)			
Share of profit of associate	0	0	-	(0)			
PAT	52	48	60	57	10.5	18.3	(4.5)
EPS	8.5	8.0	9.9	9.4	10.5	18.3	(4.5)

Source: Company, Axis Securities, Bloomberg estimates

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Net sales	1,537	1,913	2,305	2,789
Growth, %	26.8	24.4	20.5	21.0
Total income	1,537	1,913	2,305	2,789
Raw material expenses	(893)	(1,081)	(1,297)	(1,556)
Employee expenses	(213)	(265)	(318)	(382)
Other Operating expenses	(159)	(218)	(304)	(360)
EBITDA (Core)	273	348	386	491
Growth, %	46.1	27.8	10.8	27.2
Margin, %	17.7	18.2	16.7	17.6
Depreciation	(51)	(69)	(90)	(110)
EBIT	221	279	296	381
Growth, %	52	26	6	29
Margin, %	14	15	13	14
Interest paid	(17)	(15)	(15)	(12)
Other Income	10	23	24	27
Non-recurring Items	-	-	-	-
Pre-tax profit	214	287	306	396
Tax provided	(55)	(73)	(78)	(101)
Profit after tax	160	214	228	295
Growth, %	59.9	32.1	12.5	29.5
Net Profit (adjusted)	153	202	228	295
Unadj. shares (Cr)	6	6	6	6
Wtd avg shares (Cr)	6	6	6	6

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Cash & bank	306	225	232	312
Marketable securities at cost	-	-	-	-
Debtors	65	134	162	196
Inventory	225	294	354	429
Other current assets	20	33	33	33
Total current assets	616	689	783	972
Investments	1	1	1	1
Gross fixed assets	668	929	1,154	1,374
Less: Depreciation	(170)	(239)	(329)	(439)
Add: Capital WIP	25	58	58	58
Net fixed assets	524	749	883	994
Non-current assets	43	69	69	69
Total assets	1,190	1,518	1,747	2,046
Current liabilities	206	257	279	307
Provisions	15	19	19	19
Total current liabilities	221	276	298	326
Non-current liabilities	127	160	160	160
Total liabilities	348	436	458	486
Paid-up capital	61	61	61	61
Reserves & surplus	754	942	1,148	1,420
Shareholders' equity	842	1,082	1,289	1,560
Total equity & liabilities	1,190	1,518	1,747	2,046

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
A Cash flow from operating activities				
Profit before tax	214	287	306	396
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortisation expense	51	69	90	110
finance Cost	17	15		
Interest Income	(7)	(18)		
Provision for doubtful debt	-	1		
Provisions no longer require written back	(0)	(0)		
ESOP		3		
Gain in Disposable PPE	(0)	(0)		
Loss on sale of investments in subsidiary companies	-	0		
Impairment Loss	-	(0)		
Unrealised Foreign exchange loss/gain	(0)	0		
Operating profit before working capital changes	276	357	396	505
Movements in Working Capital:				
Decrease/(Increase) in trade & other receivables	(18)	(47)	(28)	(34)
Decrease /(Increase) in inventories	(34)	(49)	(60)	(74)
Increase/(Decrease) in trade Payables	1	(3)	22	28
Increase/(Decrease) in short term provisions	(0)	5		
Increase/(Decrease) in long term provisions	5			
Decrease/(Increase) in other current assets	(3)	(9)		
Decrease/(Increase) in other current financial assets		0		
Increase/(Decrease) in other current liabilities	2	5		
Increase/(Decrease) in other financial liabilities	22	(0)		
Change in Working Capital	(25)	(98)	(65)	(81)
Changes in non-current assets and liabilities				
Decrease/(Increase) in long term advances	0			
Increase/(Decrease) in Provisions				
Decrease/(Increase) in other non-current financial assets	(4)			
Decrease/(Increase) in other non-current assets	(0)			
Decrease/(Increase) in other financial assets	-			
Changes in non-current assets and liabilities	(4)	-	-	-
Cash generated from operations	247	259	330	425
Less: Taxes paid (net of tax refund)	(64)	(76)	(78)	(101)
Net cash flow from operating activities	182.6	183.3	252	324
Cash Flow from Investing Activities:				
Purchase of Property, plant and equipment	(153)	(210)	(225)	(220)
Acquisition of sub. Net of cash	(71)	(28)		
Proceeds from the sale of Property, plant and equipment	0	0		
Investment in associates	(1)	(1)		
Investment in fixed assets	(235)	246		
Proceeds from the sale of investments in subsidiary companies	(1)	(161)		
Interest received (finance income)	2	15		
Net Cash Flow Used in Investing Activities:	(458)	(140)	(225)	(220)
Net Cash Flow From Financing Activities:				
Dividend paid to equity shareholders	(9)		(21)	(23)
Proceeds from fresh issue	350			
Share issue expenses	(15)	(17)		
Proceeds/Repayment of long-term borrowings	53	24		
Interest paid		(15)		
Repayment of lease liability	(15)	(11)		
Proceeds/Repayment of short-term borrowings	(55)	(10)		
Finance Cost paid	(12)	(12)		
(Decrease) in Working Capital Demand Loan & Cash Credit				
Net Cash Used in Financing Activities:	297	(40)	(21)	(23)

Net Change in cash & cash equivalents	22	4	6	81
Cash & cash equivalents as of the beginning of the year	34	56	60	67
Cash & cash equivalents as of the end of the year	56.4	60.4	67	147

Source: Company, Axis Securities

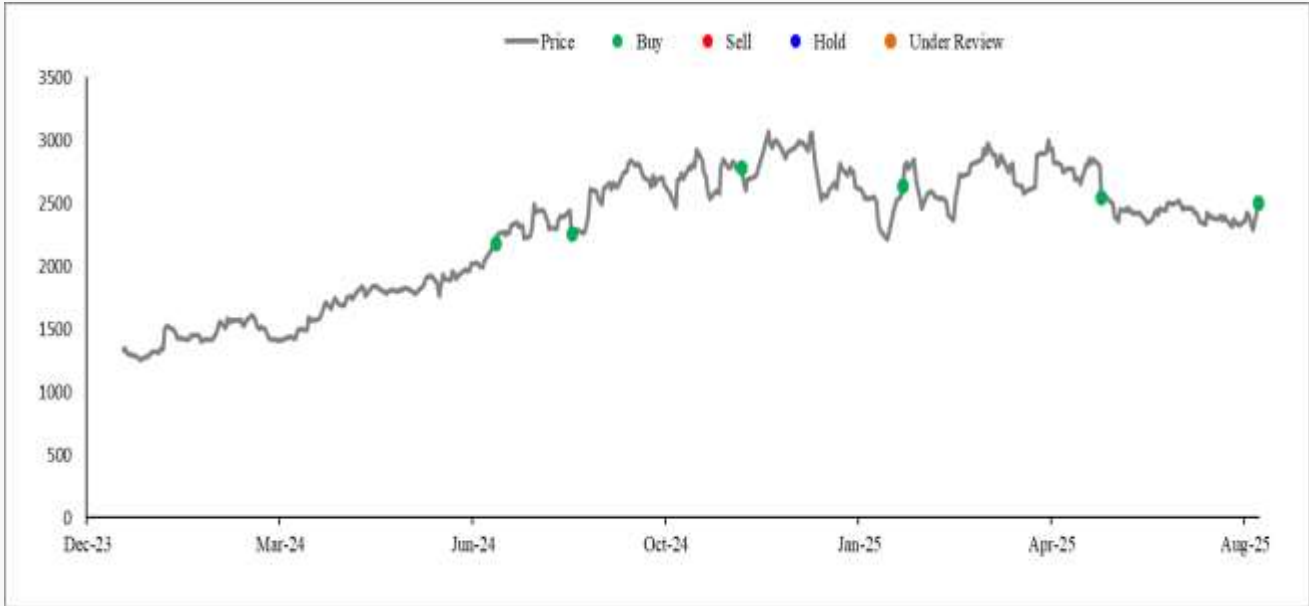
Ratio Analysis

(%)

Y/E Mar	FY24	FY25	FY26E	FY27E
Per Share data				
EPS (INR)	25.2	33.3	37.5	48.6
Growth, %	59.9	32.1	12.5	29.5
Book NAV/share (INR)	134.2	165.2	199.2	244.0
FDEPS (INR)	25.2	33.3	37.5	48.6
CEPS (INR)	33.7	44.7	52.4	66.6
CFPS (INR)	28.5	25.4	37.6	48.9
Return ratios				
Return on assets (%)	19.3	16.9	14.8	16.2
Return on equity (%)	18.8	20.2	18.8	19.9
Return on capital employed (%)	22.5	22.1	20.1	21.9
Turnover ratios				
Asset turnover (x)	3.1	2.4	2.2	2.2
Sales/Total assets (x)	1.7	1.4	1.4	1.5
Sales/Net FA (x)	3.6	3.0	2.8	3.0
Working capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	15.4	25.6	25.6	25.6
Inventory days	53.5	56.1	56.1	56.1
Payable days	26.1	25.5	25.0	25.3
Working capital days	24.8	39.4	43.1	46.2
Liquidity ratios				
Current ratio (x)	3.0	2.7	2.8	3.2
Quick ratio (x)	1.9	1.5	1.5	1.8
Total debt/Equity (%)	0.3	0.1	0.2	0.1
Valuation				
PER (x)	99.4	75.2	66.9	51.6
PEG (x) - y-o-y growth	1.7	2.3	5.3	1.7
Price/Book (x)	18.7	15.2	12.6	10.3
EV/Net sales (x)	9.8	7.9	6.6	5.4
EV/EBITDA (x)	55.1	43.5	39.2	30.7
EV/EBIT (x)	67.9	54.2	51.2	39.5

Source: Company, Axis Securities

DOMS Industries Price Chart and Recommendation History



Date	Reco	TP	Research
04-Jul-24	BUY	2,670	Initiating Coverage
13-Aug-24	BUY	2,620	Result Update
12-Nov-24	BUY	3,120	Result Update
05-Feb-25	BUY	3,120	Result Update
21-May-25	BUY	2,820	Result Update
12-Aug-25	BUY	2,820	Result Update

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HOLD	Between 10% and -10%
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