BUY (Upgrade from ADD)

CMP: **INR 2,083** Target Price: **INR 2,500 (INR 2,600)** ▲ 20%

ICICI Securities

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15 March 2026

India | Equity Research | Company Update

DOMS Industries

Stationery

Demand remains resilient; pricing actions should offset inflationary pressure

DOMS Industries (DOMS) generates less than ~2% of its revenue from the Middle East. We believe that this could be absorbed by the domestic or other export markets. We note: (1) US orders have resumed post tariff easing. FILA-related exports to Europe and US will likely continue, without any tariff overhang. (2) The larger impact is likely to be on procurement costs, as polymers and crude-linked derivatives constitute ~40–50% of the company's raw material basket. (3) We believe that while this creates near-term margins pressure, a price increase will likely offset the cost pressure. (4) We also believe that strong domestic demand and DOMS' extensive distribution network should support its revenue growth over the medium term. (5) The company is on track to achieve INR 2bn revenue from Wowper in FY26. While the category is currently in its off-season phase, overall growth momentum remains healthy.

The company is on course to achieve its revenue guidance of 18–20% with EBITDA margin of 16.5–17.5% for FY26. We upgrade the stock to **BUY** (from Add) on the back of a ~20% correction in its stock price over the past three months. We believe that the risk-reward ratio seems favourable at this level. We value the stock at a DCF-based revised TP of INR 2,500 (vs. INR 2,600); implied P/E works out to 43x FY28E EPS.

Middle East disruption likely to have negligible revenue impact

DOMS' exports to the Middle East account for ~2% of the company's total sales. We believe, the demand potentially lost from the region could be absorbed through DOMS' domestic market or other export geographies. However, the ongoing geopolitical situation has created logistical challenges such as shipping disruptions. While these may cause temporary supply-chain inefficiencies, we do not expect a material structural impact on demand.

Price hike should offset raw material inflationary pressure

We believe, the primary impact of the current disruptions will likely be on the procurement side, rather than the demand side. Polymers and other crude derivatives account for ~40–50% of DOMS' procurement basket. Any increase in crude oil prices or supply disruptions may lead to inflationary pressures across raw materials. In our view, crude volatility could trigger margin compression for the company in the near term. However, we expect a gradual recovery as a price hike flows through and input costs stabilise.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	19,126	23,132	27,631	32,901
EBITDA	3,484	3,944	4,684	5,709
EBITDA Margin (%)	18.2	17.1	17.0	17.4
Net Profit	2,023	2,415	2,812	3,506
EPS (INR)	33.3	39.8	46.3	57.8
EPS % Chg YoY	32.1	19.3	16.5	24.7
P/E (x)	62.5	52.3	44.9	36.0
EV/EBITDA (x)	36.0	31.6	26.4	21.3
RoCE (%)	18.0	16.6	16.6	17.4
RoE (%)	21.0	20.2	19.6	20.4

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Market Data

Market Cap (INR)	126bn
Market Cap (USD)	1,369mn
Bloomberg Code	DOMS IN
Reuters Code	DOMS.BO
52-week Range (INR)	3,065 /2,007
Free Float (%)	30.0
ADTV-3M (mn) (USD)	4.0

Price Performance (%)	3m	6m	12m
Absolute	(19.0)	(19.8)	(25.9)
Relative to Sensex	(6.5)	(10.8)	(26.9)

ESG Score	2024	2025	Change
ESG score	59.7	61.8	2.1
Environment	30.6	38.9	8.3
Social	66.8	68.5	1.7
Governance	77.3	75.0	-2.3

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(0.5)	(0.5)
EBITDA	(3.3)	(1.6)
EPS	(4.1)	(2.1)

Previous Reports

01-02-2026: Q3FY26 results review
12-11-2025: Q2FY26 results review

Inventory buffer provides near-term cushion against cost volatility

DOMS generally holds ~25–30 days of raw material inventory, which we believe is higher than peers. The buffer has helped mitigate the immediate impact of cost inflation. We believe that this inventory strategy should help smoothen near-term margin volatility. In our view, this should allow the company to manage pricing adjustment in a phased manner.

Demand outlook supported by back-to-school season

Despite cost pressures, we remain optimistic about demand trends. The upcoming back-to-school season should support strong volume growth. We believe that a price increase is unlikely to materially impact volumes during this period given the seasonal demand tailwinds. In our view, strong brand positioning and widespread distribution should continue to support volume growth.

Export business remains diversified with limited risk concentration

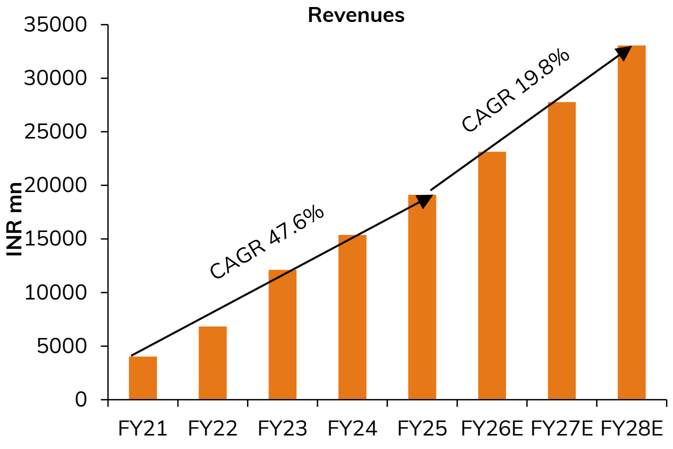
Exports account for ~14–15% of total revenues, with a diversified geographical mix. US exports, which had seen some disruption on account of tariff-related uncertainty, are now back on track. We note that orders have resumed as the tariff situation has normalised. We believe, the US channel, which constitutes ~ 6–7% of DOMS' exports, will likely see a cleaner run-rate over the medium term.

Upgrade to BUY (from Add)

We model DOMS to report revenue and PAT CAGRs of 19.8% and 20.1%, respectively, over FY25–28E and RoCE > cost of capital. Upgrade to **BUY** (from Add) with a DCF-based revised TP of INR 2,500 (earlier INR 2,600; implied P/E of 43x FY28E EPS).

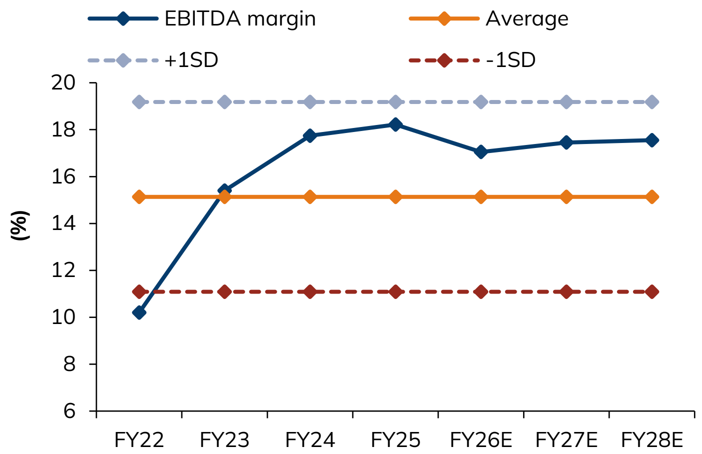
Key indicators – annual

Exhibit 1: Revenue and revenue growth



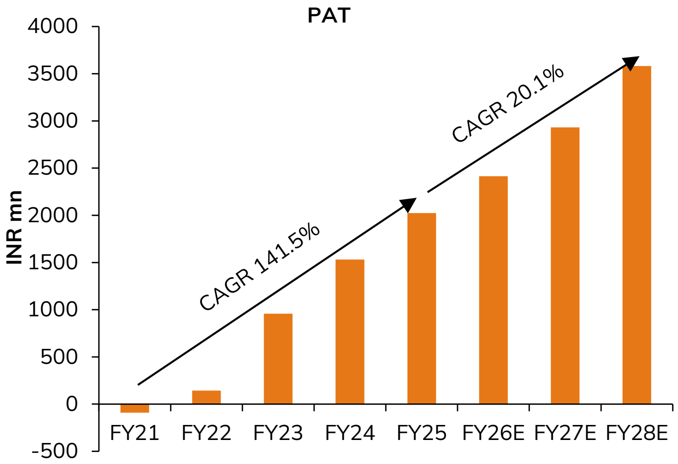
Source: Company data, I-Sec research

Exhibit 2: EBITDA margin



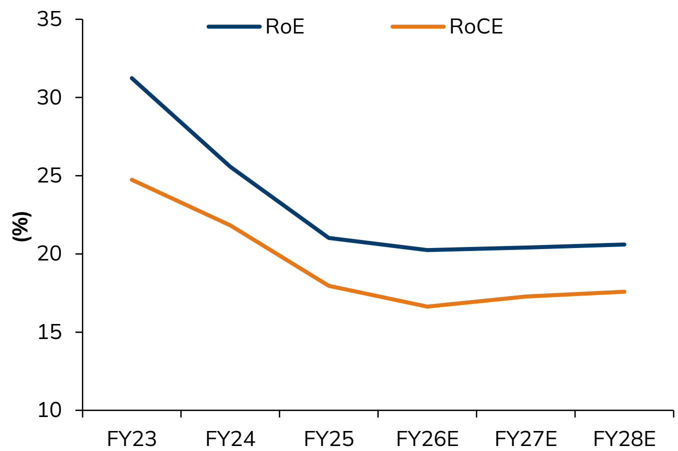
Source: Company data, I-Sec research

Exhibit 3: PAT and PAT growth



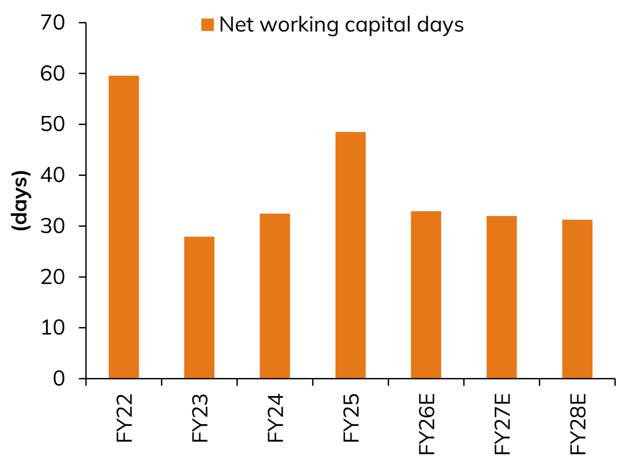
Source: Company data, I-Sec research

Exhibit 4: RoE and RoCE



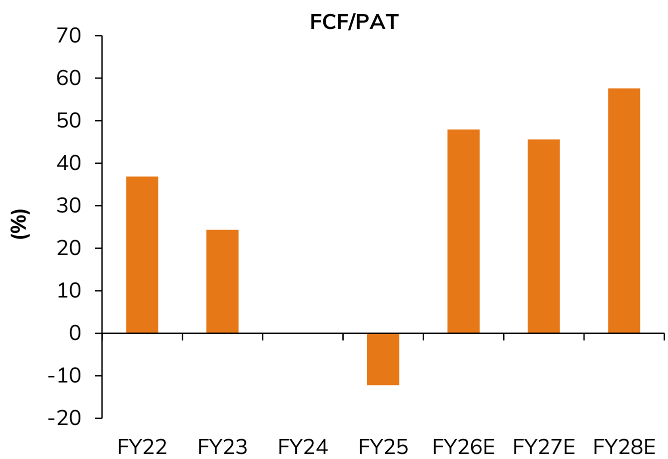
Source: Company data, I-Sec research

Exhibit 5: Net working capital days



Source: Company data, I-Sec research

Exhibit 6: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and key risks

DCF valuation

We model DOMS to report revenue and PAT CAGRs of 19.8% and 20.1%, respectively, over FY25–28E and RoCE > cost of capital. Upgrade to **BUY** (from Add) with DCF-based revised TP of INR 2,500 (earlier INR 2,600; implied P/E of 43x FY28E EPS).

Exhibit 7: DCF-based valuation

Particulars	
Cost of Equity (%)	11.0%
Terminal growth rate (%)	5.0%
Discounted interim cash flows (INR mn)	48,283
Discounted terminal value (INR mn)	103,435
Total equity value (INR mn)	151,718
Value per share (INR)	**2,500**

Source: Company data, I-Sec research

Risks

Sharp increase in input prices and competitive pressures
Major increase in input prices and/or increase in competitive pressures may result in downside to our estimates.

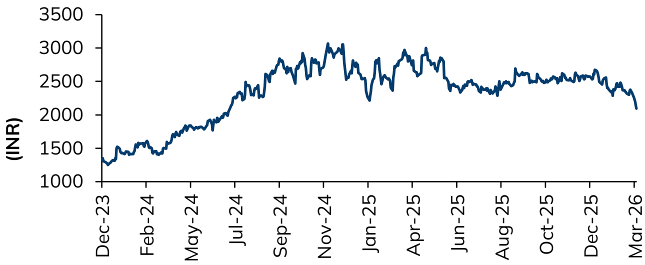
Delays in launch of new plants/products
Any delays in launch of new products and/or plants may result in lower earnings than estimated.

Exhibit 8: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	70.4	70.4	70.4
Institutional investors	25.3	26.2	26.7
MFs and other	14.2	15.5	16.0
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	1.8	1.9	2.1
FIIs	9.3	8.8	8.6
Others	4.3	3.4	2.9

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	19,126	23,132	27,631	32,901
Operating Expenses	**15,642**	**19,188**	**22,947**	**27,192**
EBITDA	3,484	3,944	4,684	5,709
EBITDA Margin (%)	**18.2**	**17.1**	**17.0**	**17.4**
Depreciation & Amortization	692	811	1,025	1,207
EBIT	2,793	3,133	3,659	4,501
Interest expenditure	150	152	152	152
Other Non-operating Income	226	313	319	405
Recurring PBT	2,868	3,295	3,826	4,754
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	**733**	**830**	**964**	**1,198**
PAT	2,135	2,465	2,862	3,556
Less: Minority Interest	112	50	50	50
Extraordinaries (Net)	(15)	-	-	-
Net Income (Reported)	2,008	2,415	2,812	3,506
Net Income (Adjusted)	**2,023**	**2,415**	**2,812**	**3,506**

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	6,888	4,968	5,730	7,006
of which cash & cash eqv.	2,254	222	129	404
Total Current Liabilities & Provisions	2,093	2,660	3,178	3,784
Net Current Assets	**4,795**	**2,308**	**2,552**	**3,223**
Investments	719	3,719	4,819	6,319
Net Fixed Assets	6,158	8,450	9,675	10,768
ROU Assets	-	-	-	-
Capital Work-in-Progress	603	-	-	-
Total Intangible Assets	746	746	746	746
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	**13,021**	**15,223**	**17,792**	**21,055**
Liabilities				
Borrowings	**2,165**	**2,165**	**2,165**	**2,165**
Deferred Tax Liability	**30**	**30**	**30**	**30**
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	607	607	607	607
Reserves & Surplus	9,421	11,623	14,192	17,456
Total Net Worth	**10,028**	**12,230**	**14,799**	**18,063**
Minority Interest	797	797	797	797
Total Liabilities	**13,021**	**15,223**	**17,792**	**21,055**

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Mar 25	June 25	Sept 25	Dec 25
Net Sales	5,087	5,623	5,679	5,922
% growth (YOY)	26.0	26.4	24.1	18.2
EBITDA	883	987	995	1,034
Margin %	17.3	17.6	17.5	17.5
Other Income	48	45	64	35
Extraordinaries	(3)	(10)	(11)	(2)
Adjusted Net Profit	484	573	583	579

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**1,869**	**3,681**	**3,499**	**4,318**
Working Capital Changes	(977)	455	(337)	(395)
Capital Commitments	(2,130)	(2,500)	(2,250)	(2,300)
Free Cashflow	**(510)**	**1,181**	**1,249**	**2,018**
Other investing cashflow	**583**	**(3,000)**	**(1,100)**	**(1,500)**
Cashflow from Investing Activities	(1,547)	(5,500)	(3,350)	(3,800)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(130)	-	-	-
Dividend paid	(152)	(212)	(243)	(243)
Others	-	-	-	-
Cash flow from Financing Activities	(282)	(212)	(243)	(243)
Chg. in Cash & Bank balance	**40**	**(2,032)**	**(93)**	**275**
Closing cash & balance	605	222	129	404

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	33.3	39.8	46.3	57.8
Adjusted EPS (Diluted)	33.3	39.8	46.3	57.8
Cash EPS	44.7	53.1	63.2	77.7
Dividend per share (DPS)	2.5	3.5	4.0	4.0
Book Value per share (BV)	165.2	201.5	243.9	297.6
Dividend Payout (%)	7.5	8.8	8.6	6.9
Growth (%)				
Net Sales	24.4	20.9	19.4	19.1
EBITDA	27.8	13.2	18.7	21.9
EPS (INR)	32.1	19.3	16.5	24.7
Valuation Ratios (x)				
P/E	62.5	52.3	44.9	36.0
P/CEPS	46.5	39.2	32.9	26.8
P/BV	12.6	10.3	8.5	7.0
EV / EBITDA	36.0	31.6	26.4	21.3
P / Sales	6.6	5.5	4.6	3.8
Dividend Yield (%)	0.1	0.2	0.2	0.2
Operating Ratios				
Gross Profit Margins (%)	43.5	42.3	42.3	42.7
EBITDA Margins (%)	18.2	17.1	17.0	17.4
Effective Tax Rate (%)	25.6	25.2	25.2	25.2
Net Profit Margins (%)	10.6	10.4	10.2	10.7
NWC / Total Assets (%)	36.8	15.2	14.3	15.3
Net Debt / Equity (x)	(0.1)	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.2)	(0.5)	(0.6)	(0.8)
Profitability Ratios				
RoCE (%)	18.0	16.6	16.6	17.4
RoE (%)	21.0	20.2	19.6	20.4
RoIC (%)	18.0	16.6	16.6	17.4
Fixed Asset Turnover (x)	2.6	2.3	2.2	2.2
Inventory Turnover Days	62	60	60	60
Receivables Days	28	16	16	16
Payables Days	42	44	44	44

Source Company data, I-Sec research

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