



### **IPO Details:**

DOMS Industries Ltd (DOMS) is coming out with an IPO of about Rs. 1,200.00 cr consisting of 1,51,89,873 shares of face value of Rs. 10 each in a price band of Rs. 750 – Rs. 790. The IPO comprises of Fresh Issue of Rs. 350.00 cr and Offer for Sale of Rs. 850.00 cr by the promoters of the Company. The IPO opens on 13<sup>th</sup> December and closes on 15<sup>th</sup> December.

### **Company Details:**

- Designer, developer, manufacturer and seller of wide range of stationery and art products, primarily under its **flagship brand, DOMS**, in domestic as well as in 45 international markets.
- **Product basket classified across 7 categories**, i) scholastic stationery, ii) scholastic art material, iii) paper stationery, iv) kits and combos, v) office supplies, vi) hobby & craft and vii) fine art products.
- **Presence across multiple categories and price points** has enabled the Company to be the fastest growing stationery and art material products company in India.
- **Operates 2 manufacturing facilities** which are located in Umbergaon, (Gujarat) and Bari Brahma (Jammu & Kashmir).

### **Strength:**

- Focus on R&D, product engineering and backward integration coupled with its multi-channel pan-India distribution network has enabled the Company to achieve **strong brand recall** amongst consumers
- **2<sup>nd</sup> largest player** in India's branded, stationery and art products market, with a **market share** of approximately **12%** by value.
- **In-house product design** team focuses on developing products, keeping in mind latest trends, customer lifestyles, aspirations and preferences.
- **Vertically integrated operations** such as procurement of raw materials, moulding, assembling, integration of sub-assemblies into finished products being done at its manufacturing facilities in Umbergaon (Gujarat) **enables to gain competitive advantage**.
- **Multi-channel distribution network** which includes sales through i) General Trade, ii) Modern Trade & E-commerce and iii) OEMs and institutions.



- Distribution network for general trade consists of over **120** super-stockists and over **4,000 distributors** along with a dedicated sales team of over **500** personnel covering more than **120,000** retail touch points at over **3,500** cities and towns.

#### **Growth Drivers:**

- Indian domestic writing instrument market is expected to grow at a CAGR of approximately **16%**, from **Rs. 13,350 cr** in FY23 to **Rs. 27,750 cr** in FY28.
- Indian domestic paper stationery market is expected to grow from about **Rs. 16,200 cr** in FY23 to about **Rs. 28,700 cr** in FY28, translating into CAGR of approximately **12%**.
- **Expansion of manufacturing facilities** by acquiring 44 acres of land, adjacent to its existing facilities at Umbergaon (Gujarat).

#### **Objectives of Fund Raise – Fresh Issue of Rs. 350.00 cr:**

- Rs. 280 cr will be utilized towards part financing the proposed project at Umbergaon, Gujarat where Company is expanding its existing manufacturing facilities.
- Balance funds will be utilized towards general corporate purposes.

#### **Key Financial Highlights:**

##### **DOMS Industries Ltd (Rs. Cr)**

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	402.82	30.03	7.5%	-9.02	-1.07	0.36%	0.0%
FY22	683.60	69.71	10.2%	14.36	3.05	10.04%	6.9%
FY23	1,211.89	186.66	15.4%	95.81	18.29	33.31%	33.5%
H1 FY24	761.80	127.45	16.7%	70.63	13.14	18.0%	19.0%

- Revenue from operations has grown from Rs. 402.82 cr in FY21 (Covid-19 impacted year) to Rs. 1,211.89 cr in FY23.
- Ebitda margins inched up from 7.5% in FY21 to 15.4% in FY23 on the back of operating leverage. Increase in Ebitda margins led to higher Ebitda growth which increased from Rs.



30.03 cr in FY21 to Rs. 186.66 cr in FY23. Ebitda margins has further inched up to 16.7% in H1 FY24.

- On the back of higher operating revenue growth and increase in Ebitda margins, Company reported Profits after Tax of Rs. 95.81 cr in FY23 as compared to loss of Rs. 9.02 cr in FY21. In H1 FY24, Company has already registered Profits after Tax of Rs. 70.63 cr.
- Business is highly capital efficient with **RoCEs and RoEs at 33.3% and 33.5% respectively** in FY23.

**Valuations:**

- At Upper end of the IPO price band of Rs. 790, DOMS Industries Ltd will be valued at about Rs. 4,793.77 cr.
- On EV/Ebitda basis, Company is available at 26.6x while on PE basis it is available at 43.19x its FY23 EPS of Rs. 18.29.
- **Investments should be avoided in DOMS Industries only due to expensive valuations otherwise business characteristics is good which enjoys higher operative leverage and high capital efficiency.**



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\*Long Term Investments could range from 3-5 years.