

Dec 14, 2023

IPO ANALYSIS

Sector: Stationery and Art Material

Issue Price: INR 750 to INR 790

Issue Size: INR 1,200 Crores

Issue Opens/Closes: Dec 13 / Dec 15

IPO Basics

Promoters: FILA (Fabbrica Italiana Lapis ed Affini S.p.A.), Santosh Rasiklal Raveshia, Sanjay Mansukhlal Rajani, Ketan Mansukhlal Rajani and Chandni Vijay Somaia

Selling Shareholders: FILA (Fabbrica Italiana Lapis ed Affini S.p.A.), Sanjay Mansukhlal Rajani and Ketan Mansukhlal Rajani

Lead Managers: JM Financial, BNP Paribas, ICICI Securities, IIFL Securities

Registered Office: Gujarat

Registrar: Link Intime India Pvt Ltd.

Listing: BSE and NSE

IPO Capital Structure

| | |
|---|--|
| Fresh Issue | 4,430,380 equity shares upto INR 350 Cr |
| Offer for Sale | 10,759,492 equity shares upto INR 850 Cr |
| Total Issue as % of total capital (Post-Issue) | 25.03% |
| Post Issue No. of Shares | 60,680,598 |
| Employee Reservation | 69,930 equity shares upto INR 5 Cr |
| Employee Discount | INR 75 per share |
| Post Issue Market Cap | INR 4,569 – 4,794 Cr |
| Face Value | INR 10 |
| Issue Route | Book Build Issue |

All values calculated at upper band

Financial Snapshot (INR in crs)

| Y/E Mar | FY21 | FY22 | FY23 |
|---------------------------|---------------|---------------|---------------|
| Equity Share Capital | 0.37 | 0.37 | 0.37 |
| Reserves | 233.24 | 246.87 | 337.06 |
| Net worth | 233.61 | 247.25 | 337.43 |
| Revenue from Ops | 402.82 | 683.60 | 1,211.89 |
| Growth (%) | - | 69.71% | 77.28% |
| EBITDA | 30.03 | 69.71 | 186.66 |
| EBITDA (%) | 7.45% | 10.20% | 15.40% |
| Net Profit | (6.03) | 17.14 | 102.87 |
| Net Profit (%) | (1.50)% | 2.51% | 8.49% |
| Basic EPS | (1.07) | 3.05 | 18.29 |
| Diluted EPS | (1.07) | 3.05 | 18.29 |
| RONW (%) | (2.58)% | 6.93% | 30.49% |
| ROCE (%) | 0.36% | 10.04% | 33.31% |
| NAV (INR) | 41.53 | 43.95 | 59.99 |
| P/E (Based on Upper Band) | | | 43.19 |
| Average Industry P/E | | | 35.98 |
| P/B (Based on Upper Band) | | | 13.17 |

Shareholding Pattern

| Holders | Pre-issue | Post Issue |
|--------------|----------------|----------------|
| Promoters | 100.00% | 74.97% |
| Public | 0.00% | 25.03% |
| Total | 100.00% | 100.00% |

| Particulars | Retail Category | NII bid between Rs 2 lakhs- Rs 10 lakhs | NII bid above Rs 10 lakhs |
|----------------------------|-----------------|---|---------------------------|
| Minimum Bid Lot (Shares) | 18 | 270 | 1,278 |
| Minimum Bid Lot Amount (₹) | ₹14,220 | ₹ 2,13,300 | ₹ 10,09,620 |
| No of Applications for 1x | 84,037 | 2,801 | 5,602 |

DOMS Industries Limited

Issue Highlights:

- DOMS Industries Limited ('DOMS') was founded on October 24, 2006. It's the second-largest player in India's stationery and art market, holding a ~12% market share as of Fiscal 2023. Key products like pencils and mathematical instrument boxes command significant market shares of 29% and 30% by value, respectively, in Fiscal 2023.
- The company, originally 'Writefine Products Private Limited' since October 24, 2006, is backed by Santosh Rasiklal Raveshia, Sanjay Mansukhlal Rajani, Ketan Mansukhlal Rajani, Chandni Vijay Somaia, and Fabbrica Italiana Lapis ed Affini S.p.A. ('FILA') as Promoters, owning 89.26% of its pre-offer share capital.
- Established in 1973 by Rasiklal Amritlal Raveshia and Mansukhlal Jamnadas Rajani, 'R.R. Industries' started in pencil and crayon manufacturing. In 2005, the Promoter Group launched 'S. Tech Industries,' focusing on polymer-based scholastic stationery. Later, 'Writefine Products Pvt Ltd' acquired these businesses. In 2012, it entered into a strategic partnership with FILA, a global supplier of 'art materials' and 'stationery products,' with FILA reporting a consolidated total revenue of approximately USD 84 crore by December 31, 2022.
- Under the flagship brand 'DOMS,' the company offers a diverse range of stationery and art products across seven categories. Their partnership with FILA has expanded their global presence, aiding in international distribution and enhancing R&D capabilities.
- DOMS operates 13 manufacturing facilities in Umbergaon, Gujarat, covering approximately 34 acres and boasting an annual installed capacity of 473.49 crore units. Additionally, they have a facility in Bari Brahma, Jammu, across approximately 2 acres.
- Their robust domestic distribution network comprises over 120 super-stockists, 4,000 distributors, and a sales team of 500+ covering 120,000+ retail touchpoints across 3,500 cities and towns.
- With 'wooden pencils' as their top revenue-generating product, contributing 31.66% to Gross Product Sales as of Fiscal 2023, DOMS continues to innovate and expand its product range under various sub-brands like 'C3,' 'Amariz,' and 'Fixyfix.'
- DOMS has demonstrated strong financial growth, showcasing impressive increases in Gross Product Sales, revenue, EBITDA Margin (%), and Return on Capital Employed (ROCE) over the last three fiscal years.

Key Risks:

- Product concentration risk as ~60-62% of Gross Product Sales come from key products, especially 'wooden pencils'
- Over 70% of sales are dependent on the 'general trade' distribution network
- Ongoing civil litigation with a listed peer could potentially affect the company's reputation and financial condition.
- The business is significantly reliant on the FILA Group for operations and export sales, and any changes in this relationship could affect R&D and export capabilities.
- Reliance on limited suppliers and lack of formal contracts for raw material procurement may impact operations and financials if favorable terms are not maintained.
- Low entry barriers in the 'stationery and art material' industry result in high competition with numerous players entering the market.

| Particulars | No. of shares at Lower Band (Cr.) | No. of shares at Upper Band (Cr.) | Issue Size Amount (Rs. Cr.) | % Of Issue |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|----------------|
| QIB | 1.20 | 1.13 | 896.25 | 75.00% |
| NIB | 0.24 | 0.23 | 179.25 | 15.00% |
| -NIB1 (Bid between ₹ 2 to 10 Lakhs) | 0.16 | 0.15 | 119.50 | - |
| -NIB2 (Bid above ₹ 10 Lakhs) | 0.08 | 0.08 | 59.75 | - |
| Retail | 0.16 | 0.15 | 119.50 | 10.00% |
| Employee | 0.01 | 0.01 | 5.00 | |
| Total | 1.60 | 1.52 | 1,200.00 | 100.00% |

An Indicative Timetable Post Issue Closing

| Particulars | Tentative Date |
|--------------------------------------|-------------------|
| Finalization of Basis of Allotment | December 18, 2023 |
| Refunds/un-blocking of ASBA Accounts | December 19, 2023 |
| Credit of Equity Shares to DP Ac | December 19, 2023 |
| Trading Commences | December 20, 2023 |

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND

Brief Biographies of Directors

Gianmatteo Terruzzi is the Chairman and Independent Director of the company. He is registered as a fiduciary in the Register of Fiduciaries, Republic and Canton of Ticino. He was previously associated with LVT Advisors S.R.L., Egida SRL, I.R.E. 2 S.R.L., and Lusben Varazze S.R.L.

Santosh Rasiklal Raveshia is the Managing Director and one of the Individual Promoters of the company. He has been associated with the company since its incorporation. He joined R.R. Industries in 2000 and has been its partner since 2002. Further, he has been the partner of S-Tech Industries since 2006.

Sanjay Mansukhlal Rajani is the Whole Time Director and one of the Individual Promoters of the company. He joined R. R. Industries in 1985 and has been its partner since 2011.

Ketan Mansukhlal Rajani is the Whole Time Director and one of the Individual Promoters of the company. He joined R. R. Industries in 2003 and has been its partner since 2011.

Chandni Vijay Somaiya is the Whole Time Director and one of the Individual Promoters of the company. She joined S-Tech Industries as a partner in 2004.

Massimo Candela is the Non-Executive Director of the company. He has been associated with FILA since 1992 as CEO.

Luca Pelosin is the Non-Executive Director of the company. He was previously associated with Nuova Alpa Collanti S.r.l. as special attorney.

Annalisa Matilde Elena Barbera is the Non-Executive Director of the company. She was previously associated with Trifirò and Partners as an associate. She is currently associated with Studio Legale Salonia e Associati as a partner.

Cristian Nicoletti is the Non-Executive Director of the company. He was previously associated with Akzo Nobel Coatings S.p.A. as a manager of its Fombio (Lo) plant. He is currently associated with FILA as its CFO.

Rajiv Ishwarbhai Mistry is the Independent Director of the company. He is the founder and chairman of Ascent Meditech Ltd.

Mehul Shah is the Independent Director of the company. He has been enrolled as an advocate with the Bar Council of Maharashtra and Goa since 1999. He has been associated with Khaitan & Co as a partner.

Darshika Thacker is the Independent Director of the company. She is currently associated with Thacker & Associates as a partner.

Mitesh Padia is the Company Secretary and Compliance Officer of the company. He joined the company on January 1, 2018.

Rahul Shah is the Chief Financial Officer of the company. He joined the company on December 1, 2016.

Objects of the Issue

| Objects | Amount (₹ Cr) |
|---|------------------|
| <ul style="list-style-type: none"> Part finance the cost of establishing a new manufacturing facility at Umbergaon, District Valsad. General Corporate Purposes | 280.00 [•] |
| Total | [•] |

Offer Details

| Fresh Issue | | No. of Shares | WACA per Equity Share (in ₹) |
|--|-----------------|---|------------------------------|
| Fresh Issue | ₹ 350 Cr | Upto 4,666,667~ - 4,430,380^ Equity Shares | — |
| The Offer for Sale by: | ₹ 850 Cr | Upto 11,333,332~ - 10,759,492^ Equity Shares | |
| The Promoter Selling Shareholders: | | | |
| F.I.L.A.- Fabbrica Italiana Lapis ed Affini S.p.A. | ₹ 800 Cr | Upto 10,666,668~ - 10,126,582^ Equity Shares# | 101.53 |
| Sanjay Mansukhlal Rajani | ₹ 25 Cr | Upto 333,332~ - 316,455^ Equity Shares# | 0.03 |
| Ketan Mansukhlal Rajani | ₹ 25 Cr | Upto 333,332~ - 316,455^ Equity Shares# | 0.03 |

(~ at lower price band and ^ upper price band); # shares are rounded/adjusted to the nearest.

Shareholding Pattern

| Shareholders | Pre-offer | | Fresh Issue and Offer for shares, offered | Post-offer | |
|--|-------------------------|---------------------------------|---|-------------------------|---------------------------------|
| | Number of Equity Shares | % of Total Equity Share Capital | | Number of Equity Shares | % of Total Equity Share Capital |
| Promoters | 50,210,218 | 89.26% | 10,759,492 | 39,450,726 | 65.01% |
| Promoters Group | 6,040,000 | 10.74% | - | 6,040,000 | 9.95% |
| Total for Promoter and Promoter Group | 56,250,218 | 100.00% | 10,759,492 | 45,490,726 | 74.97% |
| Public | 0 | 0.00% | 4,430,380 | 15,189,871 | 25.03% |
| Total for Public Shareholders | 0 | 0.00% | 4,430,380 | 15,189,871 | 25.03% |
| Total Equity Share Capital | 56,250,218 | 100.00% | 15,189,871 | 60,680,598 | 100.00% |

Products

DOMS offers well-designed and quality 'stationery and art material' products to consumers, which they classify across 7 categories: (i) scholastic stationery; (ii) scholastic art material; (iii) paper stationery; (iv) kits and combos; (v) office supplies; (vi) hobby and craft; and (vii) fine art products.

| Scholastic Stationery | Scholastic Art Material | Hobby & Craft | Office Supplies | Paper Stationery | Fine Art Products | Kits & Combos |
|--|--|--|--|---|---|--|
| <ul style="list-style-type: none"> Black Lead Pencils Mechanical Pencils Erasers Sharpeners Mathematical Instruments Chalk & Chalk Holders | <ul style="list-style-type: none"> Wax Crayons Oil Pastels Colour Pencils Plastic Crayons Poster Colours Water Colours Sketch Markers Brush Pens Tempera Colours Brushes | <ul style="list-style-type: none"> Modelling Clay Playing Dough Glitter Glue Liquid Glue | <ul style="list-style-type: none"> Pens Board Markers Permanent Markers Correction Pens Glue Sticks | <ul style="list-style-type: none"> Notebooks Exercise Book Drawing Book Sketch Pads Executive Diaries Conference Pads | <ul style="list-style-type: none"> Artists Pencils Kneadable Erasers Water Colours for Artist Gouache Colours Varnishes & Mediums Inks Canvases Artist Papers Brushes for Artists A wide range of Artist Essentials | <ul style="list-style-type: none"> Stationery Kits Art Material Kits Painting Kits Combo Packs |
| SKU Count : 392 | SKU Count : 283 | SKU Count : 45 | SKU Count : 146 | SKU Count : 418 | SKU Count : 2531 | SKU Count : 63 |

Sales and Distribution Network

As of September 30, 2023, DOMS possesses an extensive distribution network, both within India and internationally, covering 45+ countries across the Americas, Africa, Asia Pacific, Europe, and the Middle East. In India, they distribute their products through three primary channels: **General Trade:** Utilizing over 120 super-stockists and 4,000 distributors, DOMS operates a broad general trade network. Their dedicated sales team, comprising 500+ personnel, reaches more than 120,000 retail touchpoints in 3,500 cities and towns.

Modern Trade and E-commerce: DOMS engages with various modern trade platforms such as supermarkets, hypermarkets, minimarkets, and cash and carry stores. Additionally, their product range is available on multiple e-commerce platforms to enhance consumer accessibility.

The revenue through the distribution channels:

| Segment | 6 months ended Sep 30, | | Financial Year | | | | | |
|-------------------------------------|------------------------|----------------|-----------------|----------------|---------------|----------------|---------------|----------------|
| | 2023 | | 2023 | | 2022 | | 2021 | |
| | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total |
| Domestic | 632.65 | 81.44% | 974.16 | 79.09% | 528.36 | 76.23% | 312.88 | 75.75% |
| General trade | 587.17 | 75.58% | 915.69 | 74.34% | 492.18 | 71.01% | 290.69 | 70.38% |
| Modern trade and ecommerce platform | 22.31 | 2.87% | 26.29 | 2.13% | 21.48 | 3.10% | 12.02 | 2.91% |
| Others* | 23.17 | 2.98% | 32.18 | 2.61% | 14.70 | 2.12% | 10.18 | 2.46% |
| Exports | 144.19 | 18.56% | 257.57 | 20.91% | 164.73 | 23.77% | 100.17 | 24.25% |
| Export to the FILA Group | 85.48 | 11.00% | 158.61 | 12.88% | 106.53 | 15.37% | 69.31 | 16.78% |
| Third party exports | 58.71 | 7.56% | 98.97 | 8.03% | 58.20 | 8.40% | 30.86 | 7.47% |
| Total sale of products | 776.84 | 100.00% | 1,231.73 | 100.00% | 693.10 | 100.00% | 413.05 | 100.00% |

*Others includes OEMs, institutional sales, merchant exports and other ancillary sales.

Revenue from Operations





Segment-wise Revenue from operations

| Segment | 6 months ended Sep 30, | Financial Year | | |
|---------------------------------|------------------------|-----------------|-----------------|-----------------|
| | 2023 | 2023 | 2022 | 2021 |
| | Revenue ₹ Cr | Revenue ₹ Cr | Revenue ₹ Cr | Revenue ₹ Cr |
| Sale of products | 760.31 | 1,207.66 | 680.42 | 400.36 |
| - Scholastic stationery | 354.36 | 568.81 | 326.98 | 191.00 |
| - Scholastic art material | 202.99 | 292.80 | 166.37 | 97.52 |
| - Paper stationery | 77.32 | 127.35 | 64.08 | 40.25 |
| - Kits and combos | 67.26 | 126.38 | 79.69 | 46.50 |
| - Office supplies | 48.81 | 75.25 | 40.31 | 24.56 |
| - Hobby and craft | 11.26 | 15.73 | 0.65 | 0.37 |
| - Fine art products | 8.32 | 14.17 | 9.62 | 5.81 |
| - Others | 6.53 | 11.26 | 5.41 | 7.03 |
| - Less: Discount, Rebate | (16.53) | (24.07) | (12.68) | (12.69) |
| Other operating revenues | 1.49 | 4.23 | 3.18 | 2.46 |
| - Export incentive* | 1.49 | 4.23 | 3.18 | 2.46 |
| Total | 761.80 | 1,211.89 | 683.60 | 402.82 |

The revenue contribution based on geographical area:

| Segment | 6 months ended Sep 30, | | Financial Year | | | | | |
|-------------------------------|------------------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | 2023 | | 2023 | | 2022 | | 2021 | |
| | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total | Revenue ₹ Cr | % to Total |
| Domestic | 616.21 | 81.05% | 950.21 | 78.68% | 515.81 | 75.81% | 300.19 | 74.98% |
| Exports | 144.10 | 18.95% | 257.45 | 21.32% | 164.61 | 24.19% | 100.17 | 25.02% |
| Total sale of products | 760.31 | 100.00% | 1,207.66 | 100.00% | 680.42 | 100.00% | 400.36 | 100.00% |

Company Brands and Products

| Major Brands | |
|---|--|
|  | 'DOMS' is company's flagship brand. The products under the 'DOMS' brand are known for its premium quality and product designing. They sell all products in the scholastic stationery, scholastic art material, paper stationery, hobby and craft, office supplies and kits and combos under this brand. Their 'DOMS' brand tag line, 'Every Ambition Needs Preparation', is intended to create optimistic and progressive thoughts and encourage students, hobby enthusiasts and professionals to discover their talents and enhance their skills. |
|  | 'C3' brand was launched in the year 2012, to capture the affordable market segment. The key product in this category are polymer pencils, which when compared to wooden pencils are slightly cheaper. They introduced other products along with 'C3' polymer pencils, include colour pencils, sharpeners, erasers, kits and combos, chalks, and mathematical instruments box. |
| Key sub-brands under the flagship brand 'DOMS' | |
|  | 'Amariz' was launched in the year 2022, as a sub-brand under the flagship brand 'DOMS'. The company has introduced and continue to introduce fine art products under 'Amariz' with a specific focus towards artists professionals as an end user. They have recently launched art brushes and kneadable erasers under this sub-brand. |
|  | 'FixyFix' was launched in the year 2023, as a sub-brand under the flagship brand 'DOMS'. The company offers an exclusive range of glues and adhesives under this sub-brand. They have recently launched glue sticks, glitter glues, fragrance glues and white glues under 'FixyFix'. |

Key Products



Wooden pencils: The wooden pencil portfolio comprises black-lead and color-lead pencils. The black-lead pencils offer a variety of shapes, colors, and pack sizes, including drawing pencils with different lead degrees like 2B, 3B, 4B, etc. Notably, the company introduced the triangular-shaped 'DOMS' zoom pencils in mixed pastel shades, a groundbreaking shift from the prevailing hexagonal design in India. They also innovated groove pencils, leveraging patented technology for ergonomic advantages like easy grip, enhanced support, leading to better handwriting and coloring experiences.

In the wooden color-lead pencil range, they offer half-size and full-size pencils in 24 shades. Additionally, they produce bi-color, water-soluble, and mega colors pencils. An extender feature in the half-size pencils increases their longevity post-sharpening. Among the popular products are 'DOMS' neon pencils with eraser tips, 'DOMS' zoom triangle pencils, and 'DOMS' X1 pencils.

Crayons: Company's portfolio of crayons consists of: (i) wax crayons; (ii) oil pastels; and (iii) plastic crayons. It includes SKUs for toddlers, students, and artists which are available in different shapes, sizes, and shades. These are available in over 50 shades. They have extended the patented groove technology and design to the 'plastic crayons' portfolio and introduced the 'DOMS' groove plastic crayons. Some of the innovative and popular products in crayons are: (i) 'DOMS' bi-colour wax crayons; (ii) 'DOMS' grippie plastic crayons for toddlers; and (iii) 'DOMS' hexagonal oil pastels.

Mathematical instrument box: Doms has one of the widest ranges of mathematical instrument boxes. In India, they sell 7 SKUs of this product under the flagship brand, 'DOMS' and 1 SKU under their 'C3' brand. The key components in a mathematical instrument box are the tin box, rounder, divider, scale, set square and protractor. They also provide one pencil, eraser, and sharpener in most of the mathematical instrument boxes that they sell.

Sketch pens: The company manufactures and market a wide variety of sketch pens for multipurpose use ranging from drawing, sketching, marking, and writing. Their sketch pens are developed using the technical know-how from the R&D done in Italy. The key feature of this product is the unique push resistant tip.

Erasers: Company's portfolio of erasers, available in different sizes, shapes and designs, include: (i) white coloured eraser; (ii) fragranced eraser; and (iii) coloured erasers. DOMS is one of the foremost companies in India to indigenously manufacture and market erasers using thermoplastic rubber (TPR) material. Some of the attractive products in this category are the retractable pen shaped eraser and Erasner, which is a combination of an eraser as well as a sharpener in a single product.

Exercise books: An exercise book is a book primarily used in schools and colleges for students to take notes. These products are classified into 4 sub-types based on their sizes: (i) 21 x 29.7 cm (A4); (ii) 17 x 27 cm; (iii) 18 x 24 cm; and (iv) 15.5 x 19 cm. In each of these sub-types, different SKUs are available which include different page numbers and different ruling patterns.

The sales from the key products across the product categories:

| | 6 months period ended Sep' 30, 2023 | | | Fiscal 2023 | | | Fiscal 2022 | | | Fiscal 2021 | | |
|------------------------------|-------------------------------------|---------------|-------------------------|--------------------|---------------|-------------------------|--------------------|---------------|-------------------------|--------------------|---------------|-------------------------|
| | Units sold (in Cr) | Amt (₹ Cr) | % of Gross Product Sale | Units sold (in Cr) | Amt (₹ Cr) | % of Gross Product Sale | Units sold (in Cr) | Amt (₹ Cr) | % of Gross Product Sale | Units sold (in Cr) | Amt (₹ Cr) | % of Gross Product Sale |
| Wooden pencils | 82.20 | 252.41 | 32.49% | 135.22 | 389.99 | 31.66% | 87.46 | 231.12 | 33.35% | 58.87 | 152.80 | 36.99% |
| Crayons | 54.48 | 55.28 | 7.12% | 73.11 | 72.44 | 5.88% | 42.10 | 35.16 | 5.07% | 26.17 | 22.65 | 5.48% |
| Mathematical instruments box | 1.14 | 52.10 | 6.71% | 1.44 | 68.84 | 5.59% | 0.77 | 34.50 | 4.98% | 0.29 | 13.44 | 3.25% |
| Sketch pens^ | 3.14 | 47.03 | 6.05% | 5.26 | 68.81 | 5.59% | 3.34 | 36.84 | 5.31% | 1.82 | 18.61 | 4.51% |
| Erasers* | 24.10 | 36.34 | 4.68% | 45.05 | 66.86 | 5.43% | 29.34 | 42.46 | 6.13% | 14.56 | 19.60 | 4.74% |
| Exercise books | 1.08 | 39.44 | 5.08% | 2.56 | 66.38 | 5.39% | 1.49 | 29.25 | 4.22% | 1.08 | 21.70 | 5.25% |
| Total | - | 482.58 | 62.12% | - | 733.32 | 59.54% | - | 409.32 | 56.06% | - | 248.79 | 60.23% |

* Sales of Erasers is not included in erasers as the HSN code used for this product is that of a sharpener due to higher GST rate

^ units=No of Packs

Manufacturing Facilities

The company undertakes their manufacturing operations from facilities located in Umbergaon, Gujarat and Bari Brahma, in Jammu and Kashmir. The Umbergaon Manufacturing Facilities are spread over approximately 34 acres of land covering approximately 1.07 msf, which are equipped with modern and automated production processes. Further, their Jammu Manufacturing Facility is spread across approximately 2 acres of land covering approximately 0.07 msf, focussed on producing wooden slats from locally sourced wood. They are vertically integrated with operations such as procurement of raw materials, moulding, assembling, integration of sub-assemblies into finished products being done at their manufacturing facilities in Umbergaon, which has enabled them to gain a competitive advantage by improving productivity and reducing costs. In order to support the growth strategy to expand the manufacturing capabilities, recently they have also acquired 44 acres of land which is adjacent to their existing Umbergaon Manufacturing Facilities.

Production capacity and capacity utilisation

| | Fiscal 2023 | | | Fiscal 2022 | | | Fiscal 2021 | | |
|------------------------------|----------------------------------|-------------------------------|--------------------------|----------------------------------|-------------------------------|--------------------------|----------------------------------|-------------------------------|--------------------------|
| | Installed Capacity (units in Cr) | Actual Production units in Cr | Capacity Utilisation (%) | Installed Capacity (units in Cr) | Actual Production units in Cr | Capacity Utilisation (%) | Installed Capacity (units in Cr) | Actual Production units in Cr | Capacity Utilisation (%) |
| Wooden pencils | 151.20 | 141.36 | 93.49% | 108.00 | 104.53 | 96.78% | 86.40 | 68.74 | 79.56% |
| Crayons | 105.80 | 93.66 | 88.52% | 81.00 | 52.53 | 64.86% | 81.00 | 32.90 | 40.62% |
| Mathematical instruments box | 1.50 | 1.46 | 97.23% | 1.35 | 0.76 | 56.26% | 0.90 | 0.30 | 33.36% |
| Water Colour Pens | 7.00 | 6.57 | 93.83% | 4.35 | 4.10 | 94.30% | 3.75 | 3.12 | 83.19% |
| Eraser | 65.00 | 57.12 | 87.87% | 75.00 | 49.58 | 66.11% | 44.00 | 26.75 | 60.78% |
| Exercise books | 3.67 | 2.70 | 73.64% | 2.43 | 1.52 | 62.50% | 1.50 | 1.06 | 70.63% |
| Polymer Pencils | 39.60 | 32.70 | 82.57% | 36.00 | 28.78 | 79.94% | 30.00 | 13.82 | 46.08% |
| Sharpeners | 42.00 | 35.73 | 85.06% | 27.00 | 22.17 | 82.12% | 18.00 | 11.27 | 62.59% |
| Ball point pens | 25.00 | 23.26 | 93.03% | 21.00 | 12.74 | 60.66% | 12.50 | 6.95 | 55.58% |
| Drawing and Sketch book | 0.76 | 0.53 | 70.64% | 0.66 | 0.56 | 85.42% | 0.51 | 0.32 | 63.44% |
| All types of markers | 4.35 | 3.89 | 89.33% | 2.70 | 2.53 | 93.78% | 2.10 | 1.71 | 81.19% |
| Water colour cakes | 12.24 | 9.67 | 78.98% | 10.08 | 9.79 | 97.10% | 10.00 | 6.51 | 65.14% |
| Tempera colours | 1.88 | 1.84 | 98.07% | 1.50 | 1.03 | 68.52% | 1.88 | 1.84 | 98.07% |
| Scales | 13.50 | 11.92 | 88.32% | 10.00 | 5.82 | 58.22% | 13.50 | 11.92 | 88.32% |

Note: Except Water colour and Tempera colours which are in packs, all others are in number units.

Intellectual Property

DOMS has been granted 13 registered designs and 419 registered trademarks in India and 88 registered international trademarks. Their Corporate Promoter has issued the company brand authorisation letters to use the trademarks of certain entities under the FILA Group.

Research & Development

As of September 30, 2023, DOMS operates a cutting-edge R&D facility in Umbergaon, comprising a dedicated team of 50 employees equipped with modern technology. Their cross-functional team engages with customers to drive product development. Their in-house design team emphasizes creating products aligned with the latest trends, customer lifestyles, and preferences.

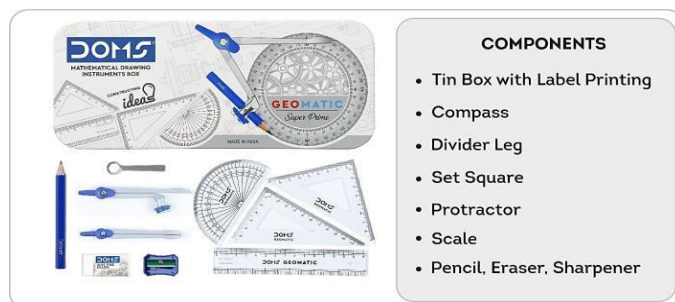
R&D activities encompass product evaluation, process development, scale-up, and regulatory compliance. This focus on R&D grants them a competitive edge by enhancing productivity and cutting costs.

Competitive Strengths

Leadership in Stationery Industry: The company commands a leading position in India's 'stationery and art material' sector, notably with 'pencils' and 'mathematical instrument boxes' holding 29% and 30% market shares respectively by value in Fiscal 2023. With a vast range of over 3,800 SKUs and strategic brand introductions, leveraging 'DOMS' as its flagship brand and introducing complementary brands 'DOMS' and 'C3', they cater to diverse demographics across various price points, enjoying strong brand loyalty and unique market positioning.

Brand Recognition through Quality and Innovation: Their diverse product portfolio dominates various market categories in India, showcasing strong brand recall and enabling a competitive pricing strategy. Focused on R&D and innovation across products and processes while maintaining quality standards and embracing technology, their R&D efforts aim at product development, cost efficiency, and modern technology integration. Collaborating with FILA enhances their R&D and technology capabilities, keeping them abreast of global trends. With over 10 lakh YouTube followers and 40,000 Instagram followers, they hold a significant online presence, solidifying their brand standing.

Robust Manufacturing Infrastructure: Operating 13 manufacturing facilities spread across approximately 34 acres in Umbergaon, Gujarat, covering around 1.18 msf, they boast one of India's largest stationery manufacturing complexes. Their comprehensive end-to-end operations from concept to distribution, strategic facility locations for quicker market penetration, and competitive costs demonstrate efficiency. Additionally, their Jammu facility produces wooden slats from local wood sources, showcasing backward integration, a strategy also pursued for their 'mathematical instruments box'.



Extensive Distribution Network: The company boasts a widespread multi-channel distribution system, catering to various sectors: (i) general trade, reaching wholesalers and retailers through super-stockists and distributors; (ii) modern trade, selling in supermarkets, hypermarkets, and online platforms; and (iii) corporate sales. Their pan-India network covers over 3,500 cities and towns as of September 30, 2023.

Strategic Alliance with FILA: A significant partnership exists with FILA, a global entity recognized for its diverse portfolio and presence in 150+ countries. Beginning in 2012, FILA initially acquired 18.50% of the company's capital, later increasing to 51% in 2015. This collaboration has broadened the company's global footprint, leveraging FILA's market reach and enhancing R&D capabilities through knowledge exchange.

Experienced Leadership and Management: The company benefits from highly experienced Individual Promoters and Directors deeply involved in the 'stationery and art materials' industry, particularly in growing the 'DOMS' brand. Their proactive involvement ensures stringent cost control and margin enhancements. Supported by 8,890 full-time employees as of September 30, 2023, their board comprises independent directors with extensive expertise in manufacturing, sales, and marketing.

Key Business Strategies

Manufacturing Capacity Expansion: The company focuses on expanding manufacturing capacities, evident from their Umbergaon plants with an installed capacity of 4,734.93 million units (as of March 31, 2023). To accommodate rising consumer demand, they allocated ₹125.94 crore in Fiscal 2023 to enhance manufacturing capabilities across product categories.

Product Portfolio Diversification: Recognizing untapped market potential in the 'stationery and art material' industry, the company aims to expand its product range. They introduced innovative items like 'DOMS' groove pencils featuring exclusive patented technology and the 'two-dooz' pencil sharpener. Seeking complementary product opportunities, they strive to increase market share and expand their consumer base.

Distribution Network Strengthening: DOMS maintains a robust multi-channel distribution network across India and globally. Their strategy involves reinforcing and extending distribution channels, intending to broaden geographical coverage and network reach. This expansion plan encompasses increasing partnerships within diverse retail formats, transcending traditional stationery stores. Additionally, their global footprint spans over 45 countries, facilitated by partnerships with FILA and international distributors.

Inorganic Growth Initiatives: DOMS aims for strategic investments and acquisitions to bolster their market share, enhance geographical presence, and improve profitability. The recent acquisition of Micro Wood Pvt Ltd furthers their backward integration for specific product manufacturing. Additionally, a minority stake acquisition in ClapJoy Innovations Pvt Ltd diversifies their business into the 'toys' sector, leveraging their existing distribution network.

Brand Strengthening: Recognizing the market's shift towards branded products, DOMS emphasizes fortifying their brands, particularly the DOMS brand. Their leadership position in 'stationery and arts' products enables growth opportunities. Dedicated resources are allocated to build and enhance brand recall, establishing DOMS as a prominent 'stationery and arts' brand in India.

Technology and Data Enhancement: Continual investment in technology and data capabilities is a priority to drive operational efficiencies and strengthen customer connections. Sales Force Automation (SFA) software tracks and manages the extensive sales force's performance, providing insights into sales activities. Distributor Management Systems (DMS) facilitate seamless communication between super-stockists and the company, streamlining order management, inventory replenishment, and delivery tracking.

Industry Overview

Select Financial Metrics for Branded Players in FY 23

| Player | Revenue (₹ in Cr) | Domestic Sales (₹ in Cr) | Export Sales (₹ in Cr) | Gross Margin (%) |
|-------------------|----------------------|-----------------------------|---------------------------|---------------------|
| DOMS | 1,232 | 974 | 258 | 37% |
| Kokuyo Camlin | 775 | 742 | 33 | 37% |
| Hindustan Pencils | 1,100 | 955 | 150 | Na |
| Navneet | 947 | 380 | 567 | 50% |
| Luxor | 490 | 475 | 14 | 41% |
| Linc | 487 | 386 | 101 | 40% |
| Flair | 943 | 758 | 185 | 46% |
| Rorito | 174 | 174 | 0 | 40% |
| BIC Cello | 550 | 429 | 121 | Na |
| ITC Stationery | 2,456 | 2,010 | 446 | Na |

Presence of Key Players in different categories

| Player | Note Books | Note books Papers | Pens | Pencils | Marker and High-lighters | Technical Instruments | Office Supplies | Basic Arts | Fine Arts | Eraser | Sharpen er | Adhes-ives | Others |
|-------------------|------------|-------------------|------|---------|--------------------------|-----------------------|-----------------|------------|-----------|--------|------------|------------|--------|
| DOMS | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kokuyo Camlin | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Hindustan Pencils | | | ✓ | ✓ | | ✓ | | ✓ | | ✓ | ✓ | | ✓ |
| Navneet | ✓ | ✓ | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Luxor | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | ✓ |
| Linc | | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | ✓ |
| Flair | | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ |
| Rorito | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | |
| BIC Cello | | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | |
| ITC Stationery | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | | ✓ | ✓ | | ✓ |
| Kangaro | | | | | | | ✓ | | | | | | |

Profit after Tax in FY (₹ Crore) and PAT Margin (%)

| Company | CAGR for Fiscal | | For the 6 month period ended Sep'30, 2023 | | For the Fiscal Year ended | | | | | | | |
|---------------------------|-----------------|---------|---|--------|---------------------------|--------|----------------|---------|----------------|---------|----------------|---------|
| | | | | | March 31, 2023 | | March 31, 2022 | | March 31, 2021 | | March 31, 2020 | |
| | 2023 | 2022 | PAT | Margin | PAT | Margin | PAT | Margin | PAT | Margin | PAT | Margin |
| DOMS Industries | Na | (31.0)% | 73.9 | 9.7% | 102.9 | 8.5% | 17.1 | 2.5% | (6.0)% | (1.5)% | 36.0 | 5.5% |
| Core Peer | | | | | | | | | | | | |
| BIC Cello India | Na | (41.2)% | Na | Na | Na | Na | (162.0) | (39.2)% | (215.5) | (80.1)% | (81.2) | (12.0)% |
| Flair Writing Indust. | 1,003.6% | 21.7% | Na | Na | 118.1 | 118.1 | 56.2 | 9.6% | 1.0 | 0.3% | 37.9 | 5.2% |
| Hindustan Pencils | Na | (9.3)% | Na | Na | Na | Na | 6.8 | 0.9% | (5.4) | (1.0)% | 8.3 | 0.8% |
| Kokuyo Camlin Ltd | Na | Na | 27.8 | 6.4% | 24.4 | 3.1% | (4.7) | (0.9)% | (14.6) | (3.6)% | 4.4 | 0.7% |
| Linc Ltd | Na | (35.0)% | 15.1 | 6.1% | 37.4 | 7.6% | 8.1 | 2.3% | 0.0 | 0.0% | 19.2 | 4.8% |
| Luxor Writing Instruments | Na | Na | Na | Na | 6.6 | 1.3% | (5.0) | (1.5)% | (9.4) | (4.0)% | 1.4 | 0.4% |
| Navneet Education | 90.9% | (38.6)% | 180.5 | 17.0% | 203.8 | 11.9% | 74.4 | 6.6% | 55.9 | 6.6% | 197.3 | 12.9% |
| Rorito International | 39.6% | (89.4)% | Na | Na | (14.3) | (8.1)% | (27.3) | (19.2)% | (34.3)% | (34.3)% | (7.6)% | (3.2)% |
| Allied peers | | | | | | | | | | | | |
| 3M India | 66.7% | (8.1)% | 275.3 | 13.0% | 451.0 | 11.2% | 272.0 | 8.1% | 6.2% | 6.2% | 322.2 | 10.6% |
| Gillette India | 7.0% | 12.1% | Na | Na | 355.7 | 14.2% | 289.3 | 12.8% | 15.2% | 15.2% | 230.2 | 13.6% |
| ITC Ltd | 20.6% | (0.3)% | 10,136.0 | 25.8% | 19,476.7 | 24.8% | 15,503.1 | 23.1% | 24.0% | 24.0% | 15,592.8 | 28.9% |
| Pidilite Industries | 7.0% | 3.7% | 932.2 | 14.6% | 1,288.9 | 10.9% | 1,206.8 | 12.1% | 15.3% | 15.3% | 1,122.1 | 15.1% |

Return on Equity (%) and Return on Capital Employed

| Company | Return on Equity (%) | | | | | Return on Capital Employed (%) | | | | |
|---------------------------|---|-------------------------------------|---------|----------|---------|---|---------------------------|---------|---------|---------|
| | For the 6 month period ended Sep'30, 2023 | For the Fiscal Year ended March 31, | | | | For the 6 month period ended Sep'30, 2023 | For the Fiscal Year ended | | | |
| | | 2023 | 2022 | 2021 | 2020 | | 2023 | 2022 | 2021 | 2020 |
| DOMS Industries | 17.5% | 28.9% | 6.6% | (2.5)% | 14.7% | 19.2% | 36.8% | 11.5% | 5.9% | 20.0% |
| Core Peer | | | | | | | | | | |
| BIC Cello India | Na | Na | (47.4)% | (42.4)% | (11.3)% | Na | Na | (44.6)% | (30.3)% | (18.4)% |
| Flair Writing | Na | 27.1% | 17.7% | 0.4% | 14.6% | Na | 33.5% | 20.4% | 3.5% | 19.0% |
| Hindustan Pencils | Na | Na | 4.2% | (3.3)% | 4.9% | Na | Na | 10.8% | 6.3% | 13.0% |
| Kokuyo Camlin Ltd | 9.7% | 9.3% | (2.0)% | (6.0)% | 1.7% | 12.8% | 14.6% | (0.2)% | (3.5)% | 6.6% |
| Linc Ltd | 8.2% | 21.1% | 5.7% | 0.0% | 14.1% | 10.3% | 27.7% | 7.8% | (0.8)% | 17.5% |
| Luxor Writing Instruments | Na | 5.6% | (4.6)% | (8.1)% | 1.1% | Na | 14.2% | 1.8% | (2.0)% | 8.2% |
| Navneet Education | 7.9% | 12.9% | 7.8% | 6.0% | 22.9% | 13.7% | 21.4% | 13.4% | 5.6% | 32.2% |
| Rorito International | Na | 72.6% | 124.6% | (726.6)% | (17.1)% | Na | (25.8)% | (68.8)% | (54.4)% | (8.3)% |
| Allied peers | | | | | | | | | | |
| 3M India | 15.0% | 26.9% | 12.5% | 8.5% | 18.4% | 19.5% | 35.4% | 16.5% | 11.3% | 24.2% |
| Gillette India | Na | 36.0% | 33.6% | 39.3% | 25.3% | Na | 43.7% | 44.7% | 50.1% | 32.8% |
| ITC Ltd | 14.6% | 28.0% | 24.7% | 22.0% | 23.8% | 18.8% | 35.8% | 31.9% | 28.5% | 29.8% |
| Pidilite Industries | 12.0% | 17.3% | 18.3% | 19.3% | 24.0% | 15.3% | 21.7% | 22.9% | 24.4% | 31.6% |

Comparison with Listed Industry Peers (AS ON 31ST MARCH 2023)

| Name of the Company | Consolidated/ Standalone | Face Value | Closing Price as on 1 st Dec, 2023 | Total Revenue from Operation for Fiscal 2023 (₹ in Cr) | EPS | NAV | P/E | RoNW (%) |
|------------------------------|-----------------------------|---------------|---|---|--------------------|--------|-------|----------|
| | | | | | Basic & Diluted | | | |
| DOMS Industries Ltd | Consolidated | 10 | [₹] | 1,211.89 | 18.29 | 59.99 | 43.19 | 28.39% |
| Kokuyo Camlin Ltd | Consolidated | 1 | 156.50 | 774.94 | 2.44 | 26.18 | 64.14 | 9.31% |
| Linc Ltd | Consolidated | 10 | 707.95 | 486.76 | 25.15 | 119.16 | 28.15 | 21.10% |
| Navneet Education Ltd | Consolidated | 2 | 143.40 | 1,696.83 | 9.04 | 50.85 | 15.86 | 17.78% |
| Flair Writing Industries Ltd | Consolidated | 5 | 452.70 | 942.66 | 12.66 | 46.57 | 35.76 | 27.18% |

Comparison with Listed Industry Peers

(in ₹ Cr, unless otherwise specified)

| Particulars | 6 months ended Sep'2023 | | | | | Fiscal 2023 | | | | |
|--|-------------------------|------------------|---------|----------------------|--------------------------------|--------------------|------------------|----------|----------------------|--------------------------------|
| | DOMS Industries | Kokuyo Camlin | Linc | Navneet Education | Flair Writing Industries | DOMS Industries | Kokuyo Camlin | Linc | Navneet Education | Flair Writing Industries |
| Revenue from Operations | 761.80 | 430.63 | 243.10 | 1057.23 | Na | 1,211.89 | 774.94 | 486.76 | 1,696.83 | 942.66 |
| Growth in Revenue (%) | Na | 11.56% | 8.08% | 3.29% | Na | 77.28% | 52.41% | 37.13% | 52.28% | 63.26% |
| Gross product sales | 776.84 | Na | NA | Na | Na | 1,231.73 | 827.65 | 487.75 | Na | 944.17 |
| Gross profit | 302.88 | 165.61 | 95.30 | 503.13 | Na | 448.52 | 386.71 | 192.16 | 850.89 | 433.89 |
| Gross margin (%) | 39.76% | 38.46% | 39.20% | 47.59% | Na | 37.01% | 37.00% | 39.48% | 50.15% | 46.03% |
| EBITDA | 127.45 | 41.52 | 25.74 | 204.58 | Na | 186.66 | 54.37 | 61.36 | 298.01 | 183.51 |
| EBITDA Margin (%) | 16.73% | 9.64% | 10.59% | 19.35% | Na | 15.40% | 7.02% | 12.61% | 17.56% | 19.47% |
| Profit after tax (PAT) | 73.91 | 27.85 | 15.09 | 180.54 | Na | 102.87 | 24.45 | 37.40 | 203.76 | 118.10 |
| PAT Margin (%) | 9.70% | 6.47% | 6.21% | 17.08% | Na | 8.49% | 3.15% | 7.68% | 12.01% | 12.53% |
| RoE (%) | 19.01% | 10.14% | 8.34% | 14.89% | Na | 33.54% | 9.74% | 23.37% | 19.40% | 31.40% |
| RoCE (%) | 18.04% | 12.42% | 11.47% | 13.53% | Na | 33.31% | 12.36% | 28.14% | 17.39% | 29.94% |
| Gross Fixed Assets Turnover (times) | 1.67 | Na | Na | Na | Na | 3.30 | 3.80 | 3.00 | 3.37 | 2.60 |
| Net debt (Borrowings) | 125.51 | 9.09 | (16.08) | (43.97) | Na | 58.37 | 47.32 | (12.41) | 248.70 | 114.80 |
| Particulars | Fiscal 2022 | | | | | Fiscal 2021 | | | | |
| | DOMS Industries | Kokuyo Camlin | Linc | Navneet Education | Flair Writing Industries | DOMS Industries | Kokuyo Camlin | Linc | Navneet Education | Flair Writing Industries |
| Revenue from Operations | 683.60 | 508.47 | 354.96 | 1114.30 | 577.40 | 402.82 | 403.12 | 256.66 | 834.57 | 297.99 |
| Growth in Revenue (%) | 69.71% | 26.13% | 38.30% | 33.52% | 93.77% | Na | (36.42)% | (35.35)% | (44.81)% | Na |
| Gross product sales | 693.10 | 548.42 | 355.67 | Na | 576.06 | 413.05 | 446.92 | 255.56 | Na | 293.65 |
| Gross profit | 251.53 | 196.01 | 117.47 | 582.61 | 269.20 | 157.47 | 166.81 | 83.94 | 437.49 | 131.56 |
| Gross margin (%) | 36.79% | 38.55% | 33.10% | 5.23% | 46.62% | 39.09% | 41.38% | 32.70% | 52.42% | 44.15% |
| EBITDA | 69.71 | 16.51 | 21.53 | 162.61 | 97.57 | 30.03 | 8.84 | 10.17 | 87.02 | 23.00 |
| EBITDA Margin (%) | 10.20% | 3.25% | 6.06% | 14.59% | 16.90% | 7.45% | 2.19% | 3.96% | 10.43% | 7.72% |
| Profit after tax (PAT) | 17.14 | (4.73) | 8.13 | 74.35 | 55.15 | (6.03) | (14.62) | 0.04 | 55.91 | 0.99 |
| PAT Margin (%) | 2.51% | (0.93)% | 2.29% | 6.67% | 9.55% | (1.50)% | (3.63)% | 0.02% | 6.70% | 0.33% |
| RoE (%) | 6.86% | (1.96)% | 5.86% | 7.91% | 19.06% | Na | (5.93)% | 0.03% | 6.23% | NA |
| RoCE (%) | 10.0% | (0.15)% | 7.76% | 12.19% | 18.43% | 0.36% | (2.87)% | (0.73)% | 5.48% | 3.34% |
| Gross Fixed Assets Turnover (times) | 2.82 | 2.47 | 2.47 | 2.26 | 2.00 | 1.88 | 1.83 | 2.17 | 1.84 | 1.16 |
| Net debt (Borrowings) | 69.14 | 63.22 | 2.79 | 84.19 | 126.00 | 68.26 | 71.18 | 7.85 | 19.15 | 113.36 |

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Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No.: INA000010414 | AMFI: ARN - 64917