

Price: 1,930

Recommendation: Buy

Industry: Plastic Products

Sector: Consumer Discretionary

Report Date: 03-Apr-2025

Safari Industries, a leading name in the luggage and travel accessories sector, is expanding its product range to meet diverse consumer needs, including eco-friendly and tech-savvy options. The company is committed to sustainability, using recycled materials and reducing its carbon footprint. Safari is diversifying into lifestyle and fashion accessories, enhancing e-commerce, and targeting international markets like Southeast Asia and the Middle East to boost growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	1714 Cr	Operating Profit(Year)	176 Cr	Operating Profit Margin	10.3 %
Previous Year	1211 Cr	Operating Profit(Quarter)	36.0 Cr	EBITDA Margin	14.76 %
Current Quarter	442 Cr	PAT (Year)	153 Cr	Net Profit Margin	9.90 %
Previous Quarter	457 Cr	PAT (Quarter)	25.5 Cr	EPS	25.2
Revenue (QYoY)	388 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	76.8	Sales Growth	15.4 %	Sales Growth	-3.28 %
PEG Ratio	1.86	PAT Growth	28.57 %	Sales Growth QYoY	13.92 %
EV/EBITDA	43.8	EPS Growth	-20.5 %	PAT Growth	16.97 %
P/B	11.1	Dividend Yield	0.14	PAT Growth QYoY	-28.37 %
Capital Allocation		Holdings		Leverage	
RoE	25.2 %	Promoter	45.4 %	Debt/Equity	0.16
RoA	17.3 %	FII	12.3 %	Debt	135 Cr
RoCE	29.0 %	DII	24.0 %	Market Cap	9437 Cr
RoIC	25.6 %	Public	18.4 %	Enterprise value	9297 Cr
		No of Shares	4.89 Cr	Cash Equivalents	274 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Safari Industries, a prominent player in the luggage and travel accessories market, has recently been focusing on expanding its product portfolio and enhancing its market presence. The company has introduced a range of new products aimed at catering to diverse consumer needs, including eco-friendly luggage options and technologically advanced travel accessories. This move aligns with the growing consumer demand for sustainable and innovative products. Safari's commitment to sustainability is evident in its use of recycled materials and efforts to reduce its carbon footprint, which not only appeals to environmentally conscious consumers but also positions the company as a responsible brand in the industry.

In terms of business strategy, Safari has been actively pursuing diversification to mitigate risks associated with market fluctuations. The company is exploring opportunities in adjacent markets, such as lifestyle and fashion accessories, to leverage its brand recognition and distribution network. This strategic diversification is expected to open new revenue streams and enhance the company's resilience against economic downturns. Additionally, Safari is investing in digital transformation initiatives to improve operational efficiency and customer engagement. By enhancing its e-commerce capabilities and utilizing data analytics, the company aims to better understand consumer preferences and tailor its offerings accordingly.

Safari's growth prospects are further bolstered by its expansion into international markets. The company is targeting regions with high growth potential, such as Southeast Asia and the Middle East, where demand for quality travel products is on the rise. By establishing strategic partnerships and distribution channels in these regions, Safari aims to increase its global footprint and capture a larger share of the international market. This expansion strategy is complemented by the company's focus on strengthening its brand presence through targeted marketing campaigns and collaborations with influencers and travel enthusiasts.

To capitalize on these initiatives, Safari could benefit from further enhancing its supply chain capabilities to ensure timely delivery and maintain product quality. Investing in advanced logistics solutions and building strong relationships with suppliers could help the company manage costs and improve customer satisfaction. Additionally, Safari might consider expanding its product customization options to cater to individual consumer preferences, thereby differentiating itself from competitors. By continuing to innovate and adapt to changing market dynamics, Safari is well-positioned to achieve sustainable growth and maintain its competitive edge in the global luggage and travel accessories market.

SAFARI Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Safari Inds.	9436.61	76.76	25.23%	-3.28%	14.02%	16.96%	-28.35%
V I P Inds.	3982.25		5.25%	-7.94%	-8.30%	66.09%	-273.71%

Aspect	Commentary
Revenue	The company shows a strong revenue increase from the previous year, indicating robust sales growth. However, a slight decline in quarterly revenue suggests potential seasonal fluctuations or market challenges. Overall, the annual growth reflects effective sales strategies and market demand.
Profit & Loss	Annual operating profit and PAT indicate healthy profitability, with significant year-over-year growth. Quarterly figures show a slight dip, possibly due to increased costs or market conditions. The overall annual performance suggests strong operational efficiency and cost management.
Profitability Matrix	The company maintains solid profitability with a healthy operating profit margin and EBITDA margin. The net profit margin is strong, reflecting effective cost control and pricing strategies. EPS indicates shareholder value, though it shows room for improvement.
Valuation Matrix	The high trailing P/E ratio suggests market optimism about future growth, while the PEG ratio indicates growth potential relative to earnings. EV/EBITDA and P/B ratios reflect the company's valuation compared to peers, suggesting a premium market position.
Growth (YoY)	Year-over-year growth in sales and PAT highlights strong business expansion and profitability. However, the decline in EPS growth suggests potential challenges in maintaining earnings per share, possibly due to increased shares or costs.
Growth (QoQ)	Quarterly growth shows a mixed picture with a decline in sales but an increase in PAT, indicating improved cost management. The negative QYoY PAT growth suggests challenges in maintaining consistent quarterly performance, possibly due to market conditions.
Capital Allocation	The company demonstrates efficient capital allocation with strong RoE, RoA, and RoCE, indicating effective use of equity and assets. RoIC reflects the company's ability to generate returns on invested capital, supporting long-term growth and sustainability.
Holdings	The promoter holding indicates strong confidence in the company, while FII and DII holdings reflect institutional interest. Public holding suggests a balanced ownership structure, supporting market stability and investor confidence.
Leverage	The low debt/equity ratio indicates prudent financial management and low leverage risk. The company's debt level is manageable, supported by strong market cap and cash equivalents, ensuring financial stability and flexibility for future growth initiatives.

Analyst viewpoint: Safari Industries is poised for strong growth in the near term, underpinned by strategic expansions and an innovative product range, reflecting robust sales strategies and market demand. The company's commitment to diversifying its product offerings, notably in eco-friendly and tech-savvy travel accessories, is aligned with the growing consumer preference for sustainable products. This diversification, coupled with initiatives in lifestyle and fashion accessories, promises to strengthen brand positioning. Furthermore, Safari's foray into high-potential international markets such as Southeast Asia and the Middle East, supported by strategic partnerships, is expected to significantly boost its global market share. The firm's impressive PAT growth of 16.96% QoQ signifies effective cost management and operational efficiency, solidifying its market standing amidst fluctuating market conditions.

Valuation metrics highlight Safari Industries' premium market position with high trailing P/E and PEG ratios, indicating future growth optimism. Efficient capital allocation is evident from strong RoE and RoA figures, supporting sustainable growth projections. Additionally, efforts to enhance digital transformation and e-commerce capabilities are poised to improve customer engagement and operational efficiency. Despite a slight QoQ decline in sales growth, the overall strategic direction and initiatives suggest a promising outlook. A minor consideration is the need to address EPS growth challenges to maintain consistent shareholder value. However, Safari's proactive exploration of adjacent markets and sustained innovation create a favorable short to mid-term investment proposition.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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