

**Price:** 2,062

**Recommendation:** Buy

**Industry:** Plastic Products

**Sector:** Consumer Discretionary

**Report Date:** 18-Mar-2025

Safari Industries, a leader in luggage and travel accessories, is driving growth through strategic diversification and innovation. By expanding its product range to include backpacks, school, and office bags, Safari aims to capture a larger market share. The company is enhancing manufacturing and supply chain efficiency, investing in digital transformation, and exploring international markets. These efforts position Safari for sustainable growth and increased brand visibility.

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	82.0	Sales Growth	15.4 %	Sales Growth	-3.28 %
PEG Ratio	1.99	PAT Growth	28.57 %	Sales Growth QYoY	13.92 %
EV/EBITDA	46.8	EPS Growth	-20.5 %	PAT Growth	16.97 %
P/B	11.9	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	10080 Cr
RoIC	25.6 %	Public	18.4 %	Enterprise value	9940 Cr
		No of Shares	4.89 Cr	Cash Equivalents	274 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

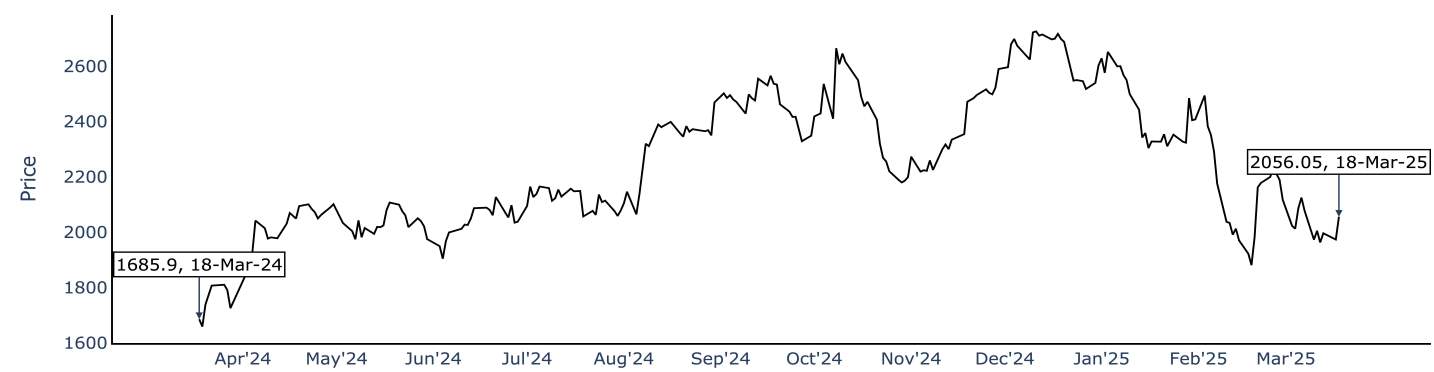
Safari Industries, a prominent player in the luggage and travel accessories market, has been actively pursuing growth through strategic initiatives and diversification. Recently, the company has focused on expanding its product portfolio to include a wider range of travel-related products, such as backpacks, school bags, and office bags, catering to a broader audience. This diversification strategy aims to reduce dependency on traditional luggage sales and tap into the growing demand for versatile and stylish travel accessories. By leveraging its strong brand presence and distribution network, Safari is well-positioned to capture a larger market share in these segments, which could drive significant revenue growth in the coming years.

In addition to product diversification, Safari has been investing in enhancing its manufacturing capabilities and supply chain efficiency. The company has announced plans to increase its production capacity by setting up new manufacturing units and upgrading existing facilities. This move is expected to not only meet the rising demand for its products but also improve operational efficiency and reduce production costs. Furthermore, Safari is exploring opportunities to optimize its supply chain by adopting advanced technologies and automation, which could lead to faster turnaround times and better inventory management. These efforts are likely to enhance the company's competitive edge and support its long-term growth objectives.

Safari's recent initiatives also include strengthening its digital presence and e-commerce capabilities. Recognizing the shift in consumer behavior towards online shopping, the company has been investing in its digital marketing strategies and enhancing its online sales platforms. By improving the user experience on its website and collaborating with major e-commerce platforms, Safari aims to increase its online sales and reach a wider customer base. This digital transformation is expected to complement its brick-and-mortar retail strategy, providing a seamless omnichannel experience for consumers. As a result, Safari could see a significant boost in sales and brand visibility, particularly among tech-savvy and younger consumers.

Looking ahead, Safari's growth prospects appear promising, driven by its strategic initiatives and market expansion efforts. The company's focus on product diversification, manufacturing efficiency, and digital transformation positions it well to capitalize on emerging trends in the travel and lifestyle sectors. To further enhance its growth trajectory, Safari could consider exploring international markets, particularly in regions with high travel demand, to expand its global footprint. Additionally, investing in sustainable and eco-friendly product lines could appeal to environmentally conscious consumers and align with global sustainability trends. By continuing to innovate and adapt to changing market dynamics, Safari is poised to achieve sustainable growth and strengthen its leadership position in the industry.

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
V I P Inds.	4160.45		5.25%	-7.94%	-8.30%	66.09%	-273.71%
Safari Inds.	10079.67	82.02	25.23%	-3.28%	14.02%	16.96%	-28.35%

Aspect	Commentary
Revenue	The company shows a robust revenue increase from the previous year, indicating strong market demand and effective sales strategies. However, a slight decline in quarterly revenue suggests potential seasonal fluctuations or market challenges that need addressing to maintain consistent growth.
Profit & Loss	Annual operating profit and PAT reflect solid financial health, with significant year-over-year growth. Quarterly figures, however, show a dip, highlighting potential short-term operational challenges or market conditions impacting profitability.
Profitability Matrix	The company maintains healthy profitability margins, with an impressive operating profit margin and EBITDA margin. The net profit margin is strong, indicating efficient cost management and effective pricing strategies, supporting overall financial stability.
Valuation Matrix	The valuation metrics suggest the company is trading at a premium, with a high P/E ratio and EV/EBITDA. This indicates strong investor confidence but also suggests potential overvaluation risks if growth expectations are not met.
Growth (YoY)	Year-over-year growth metrics are positive, with notable increases in sales and PAT, reflecting successful strategic initiatives. However, the decline in EPS growth suggests potential dilution or increased share count, which may affect shareholder returns.
Growth (QoQ)	Quarter-over-quarter growth shows mixed results, with a decline in sales but an increase in PAT, indicating cost control measures. The negative PAT growth QYoQ highlights potential operational inefficiencies or market pressures affecting short-term performance.
Capital Allocation	The company demonstrates effective capital allocation with strong returns on equity, assets, and capital employed. This indicates efficient use of resources and a focus on maximizing shareholder value through strategic investments and operational efficiency.
Holdings	The shareholding pattern shows a balanced distribution, with significant promoter and institutional holdings, reflecting confidence in the company's governance and growth prospects. Public holding is moderate, suggesting potential for increased retail investor interest.
Leverage	The company maintains a low debt-to-equity ratio, indicating prudent financial management and a strong balance sheet. This low leverage provides flexibility for future investments and growth opportunities without significant financial risk.

**Analyst viewpoint:** Safari Industries is demonstrating encouraging prospects in the luggage and travel accessories market, supported by strategic diversification and a robust capital allocation strategy. The company's focus on expanding its product range into more functional and stylish categories such as backpacks, school bags, and office bags is already starting to yield positive results, as evidenced by a 14% year-over-year sales growth. With strong cash reserves and an impressive return on equity, Safari is well positioned to enhance its manufacturing capabilities and streamline supply chain processes, which are expected to bolster operational efficiencies. Additionally, by investing in digital transformation and leveraging their established distribution network, Safari is accelerating digital sales to capture a wider demographic particularly among young, tech-savvy consumers. These initiatives should continue to support the company's growth narrative over the short to mid-term.

Despite these positive developments, a minor quarterly decline in sales suggests that seasonal variability and market challenges could still pose short-term hurdles. Nevertheless, the company's overall financial health remains solid, underpinned by prudent financial management and strong investor confidence as seen from its premium valuation metrics. With a low debt-to-equity ratio, the company is in a strong position to pursue further strategic investments without incurring significant financial risk. Lastly, while the trailing P/E ratio is high, which might indicate a potential overvaluation, the company's strategic initiatives position it well to meet investor expectations and sustain its growth trajectory.

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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