

Price: 2071

Recommendation: Buy

Industry: Plastic Products

Sector: Consumer Discretionary

Report Date: 21-Apr-2025

Safari Industries is a leading name in the luggage and travel accessories market, renowned for its innovative and stylish products. The company is expanding its portfolio with backpacks, school bags, and eco-friendly options to meet evolving consumer needs. Leveraging strategic partnerships, digital marketing, and international growth, Safari aims to strengthen its market presence and drive sustainable success.

| 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 | 9.9 % |
| 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 | 82.2 | Sales Growth | 15.4 % | Sales Growth | -3.28 % % |
| PEG Ratio | 1.99 | PAT Growth | 28.57 % | Sales Growth QYoY | 13.92 % % |
| EV/EBITDA | 47.0 | EPS Growth | -20.5 % | PAT Growth | 16.97 % % |
| P/B | 11.9 | Dividend Yield | 0.13 | PAT Growth QYoY | -28.37 % % |
| Capital Allocation | | Holdings | | Leverage | |
| RoE | 25.2 % | Promoter | 45.4 % | Debt/Equity | 0.16 |
| RoA | 17.3 % | FII | 13.2 % | Debt | 135 Cr |
| RoCE | 29.0 % | DII | 23.7 % | Market Cap | 10108 Cr |
| RoIC | 25.6 % | Public | 17.6 % | Enterprise value | 9969 Cr |
| | | No of Shares | 4.89 Cr | Cash Equivalents | 274 Cr |

source : Company filings

Company's Overview Based on Recent Concall and Performance:

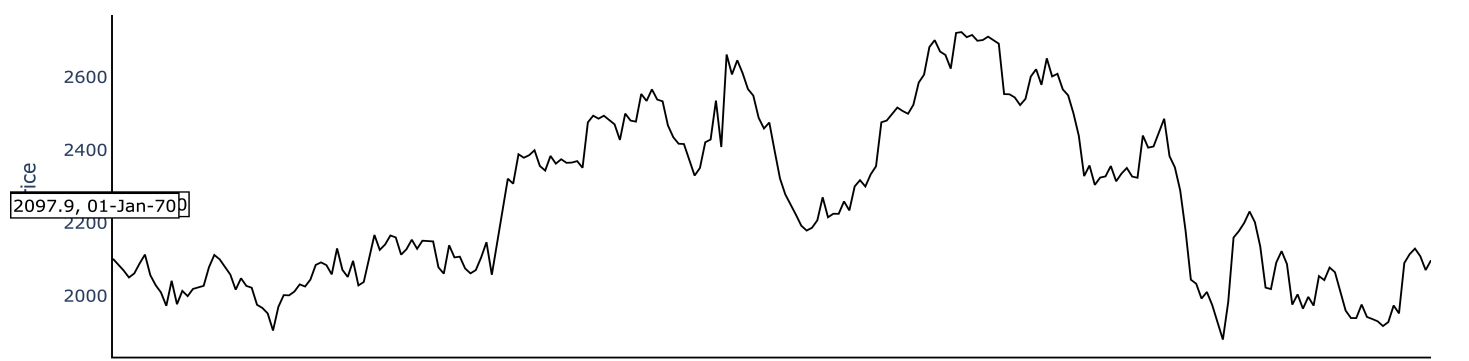
Safari Industries, a prominent player in the luggage and travel accessories market, has recently been focusing on expanding its product portfolio and enhancing its market presence. The company has announced several initiatives aimed at diversifying its offerings beyond traditional luggage. This includes the introduction of new product lines such as backpacks, school bags, and travel accessories, which cater to a broader audience and tap into the growing demand for versatile travel solutions. By leveraging its strong brand reputation and extensive distribution network, Safari aims to capture a larger share of the market and meet the evolving needs of consumers who are increasingly seeking stylish and functional travel products.

In terms of business strategy, Safari has been actively pursuing collaborations and partnerships to strengthen its market position. The company has entered into strategic alliances with leading retailers and e-commerce platforms to enhance its distribution capabilities and reach a wider customer base. This approach not only increases brand visibility but also provides Safari with valuable insights into consumer preferences and trends. Additionally, Safari is investing in digital marketing and social media campaigns to engage with younger consumers and build a strong online presence. These efforts are expected to drive brand loyalty and boost sales in the competitive travel accessories market.

Safari's future growth prospects are bolstered by its commitment to innovation and sustainability. The company is investing in research and development to create eco-friendly products that align with the growing consumer demand for sustainable options. By incorporating recycled materials and adopting environmentally friendly manufacturing processes, Safari aims to reduce its carbon footprint and appeal to environmentally conscious consumers. Furthermore, the company is exploring opportunities to expand its presence in international markets, particularly in regions with high growth potential such as Southeast Asia and the Middle East. This strategic expansion is expected to contribute significantly to Safari's revenue growth in the coming years.

To capitalize on these opportunities, Safari could consider enhancing its customer experience by offering personalized products and services. Implementing a customer feedback system could provide valuable insights into consumer preferences and help the company tailor its offerings to meet specific needs. Additionally, investing in technology to streamline operations and improve supply chain efficiency could lead to cost savings and increased profitability. By focusing on these areas, Safari can strengthen its competitive edge and position itself as a leader in the global travel accessories market. Overall, Safari's proactive approach to diversification and innovation, coupled with its strategic partnerships, positions the company well for sustained growth and success.

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 |
|------|-------------------|-----|-----|--------------|---------------|------------|-------------|
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| Aspect | Commentary |
|----------------------|---|
| Revenue | Safari Industries reported annual revenue growth of 41.6%, driven by product diversification and strategic partnerships. Quarterly revenue declined slightly by 3.28%, reflecting seasonal fluctuations. The company’s focus on expanding its portfolio positions it well for sustained revenue growth. |
| Profit & Loss | Annual PAT grew by 28.57%, showcasing strong profitability. However, quarterly PAT declined by 28.37%, indicating short-term challenges. EPS growth of -20.5% suggests pressure on earnings, but long-term initiatives may stabilize profitability. |
| Profitability Matrix | Operating profit margin of 10.3% and EBITDA margin of 14.76% highlight efficient cost management. Net profit margin of 9.9% reflects solid profitability. Despite quarterly fluctuations, Safari’s focus on innovation and partnerships supports long-term margin improvement. |
| Valuation Matrix | Trailing P/E of 82.2 and EV/EBITDA of 47.0 indicate high valuation, reflecting market optimism. PEG ratio of 1.99 suggests growth potential. Dividend yield of 0.13% is modest, emphasizing reinvestment in growth initiatives over shareholder payouts. |
| Growth (YoY) | Annual sales growth of 15.4% and PAT growth of 28.57% underscore strong performance. EPS growth of -20.5% signals earnings pressure. Safari’s diversification and international expansion strategies are expected to drive future growth. |
| Growth (QoQ) | Quarterly sales declined by 3.28%, while PAT grew by 16.97%, indicating improved profitability despite revenue challenges. EPS growth of -20.5% reflects earnings volatility. Strategic initiatives aim to stabilize quarterly performance. |
| Capital Allocation | RoE of 25.2% and RoCE of 29.0% highlight efficient capital utilization. Cash equivalents of Rs.274 Cr provide liquidity for growth investments. Debt/Equity ratio of 0.16 indicates low leverage, supporting financial stability and expansion plans. |
| Holdings | Promoter holding of 45.4% reflects strong ownership confidence. FII and DII holdings of 13.2% and 23.7% indicate institutional interest. Public holding of 17.6% ensures market liquidity. Safari’s ownership structure supports long-term stability. |
| Leverage | Debt/Equity ratio of 0.16 and total debt of Rs.135 Cr indicate low leverage, ensuring financial flexibility. Market cap of Rs.10,108 Cr and enterprise value of Rs.9,969 Cr reflect strong market positioning. Safari’s prudent leverage supports sustainable growth. |

Analyst viewpoint: Safari Industries has demonstrated robust annual growth metrics, with revenue increasing by 41.6% and PAT growing by 28.57%, driven by strategic product diversification and partnerships. While quarterly revenue declined by 3.28% due to seasonal fluctuations, the company's focus on expanding its portfolio with eco-friendly products and international market penetration positions it well for sustained growth. Its operating profit margin of 10.3% and EBITDA margin of 14.76% reflect efficient cost management, while a RoE of 25.2% and RoCE of 29.0% highlight strong capital allocation. Safari's low debt-to-equity ratio of 0.16 and cash equivalents of Rs. 274 Cr provide ample liquidity to support its growth initiatives, including digital marketing and supply chain optimization. The company's valuation metrics, such as a trailing P/E of 82.2 and EV/EBITDA of 47.0, indicate market optimism, supported by its strategic focus on innovation and sustainability.

Despite quarterly PAT declining by 28.37% and EPS growth showing pressure at -20.5%, Safari's long-term initiatives, including eco-friendly product development and international expansion, are expected to stabilize profitability. The company's promoter holding of 45.4% and institutional interest from FII and DII reinforce confidence in its growth trajectory. While high valuations may suggest limited upside in the near term, Safari's proactive approach to diversification, strategic partnerships, and operational efficiency make it a compelling investment opportunity for short to mid-term gains.

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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Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

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