

Price: 2,071

Recommendation: Buy

Industry: Plastic Products

Sector: Consumer Discretionary

Report Date: 22-Apr-2025

Safari Industries is a leading name in the luggage and travel accessories market, renowned for its innovative, lightweight, and durable products. With a focus on quality and technology, the company is expanding its portfolio and global presence. By embracing sustainability, e-commerce, and diversification into lifestyle segments, Safari aims to meet evolving consumer needs and drive long-term 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	82.4	Sales Growth	15.4 %	Sales Growth	-3.28 %
PEG Ratio	2.00	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	10124 Cr
RoIC	25.6 %	Public	17.6 %	Enterprise value	9985 Cr
		No of Shares	4.89 Cr	Cash Equivalents	274 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

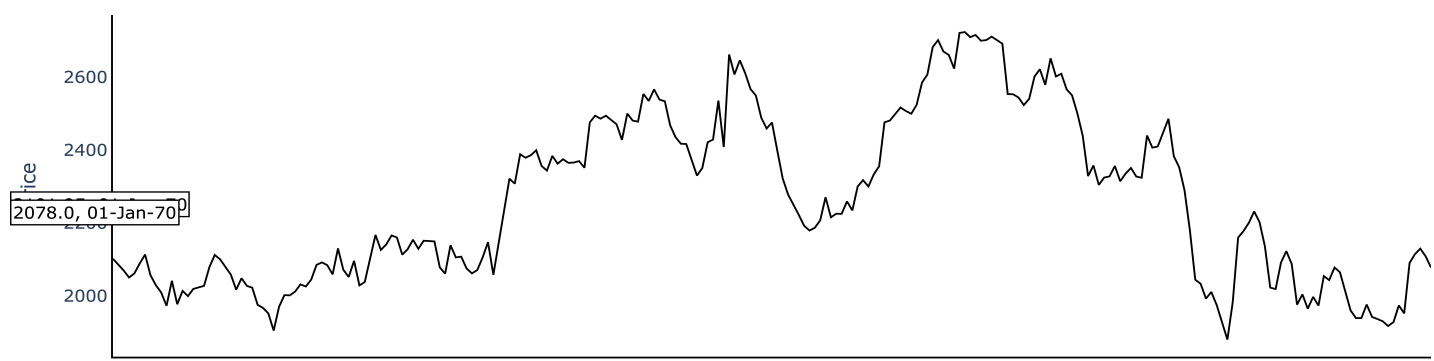
Safari Industries, a prominent player in the luggage and travel accessories market, has recently been focusing on expanding its product portfolio and enhancing its market presence. The company has introduced a range of innovative products designed to cater to the evolving needs of modern travelers. This includes lightweight and durable luggage options, as well as smart travel accessories that integrate technology for added convenience. Safari's commitment to quality and innovation is evident in its continuous investment in research and development, aiming to set new standards in the industry. This strategic focus on product innovation is expected to strengthen its competitive edge and attract a broader customer base.

In terms of business strategies, Safari has been actively pursuing diversification to mitigate risks and tap into new revenue streams. The company is exploring opportunities in adjacent markets, such as lifestyle and fashion accessories, which complement its core offerings. By leveraging its strong brand reputation and distribution network, Safari aims to capture a significant share of these markets. Additionally, the company is enhancing its online presence through strategic partnerships with e-commerce platforms, ensuring wider reach and accessibility for its products. This omni-channel approach is designed to boost sales and improve customer engagement, aligning with the growing trend of digital shopping.

Safari's future growth prospects are bolstered by its strategic initiatives aimed at scaling operations and expanding its geographical footprint. The company is eyeing international markets, particularly in regions with high travel demand, to drive growth. By establishing local partnerships and optimizing supply chain efficiencies, Safari plans to enhance its global competitiveness. Furthermore, the company is investing in sustainable practices, such as using eco-friendly materials and reducing carbon emissions, to align with global environmental standards. These efforts not only enhance brand value but also appeal to environmentally conscious consumers, potentially increasing market share.

To capitalize on these opportunities, Safari could consider further strengthening its brand positioning through targeted marketing campaigns that highlight its unique value propositions. Collaborations with travel influencers and participation in international trade shows could enhance brand visibility and credibility. Additionally, investing in customer feedback mechanisms can provide valuable insights for product development and service improvements. By maintaining a customer-centric approach and continuously adapting to market trends, Safari is well-positioned to achieve sustainable growth and long-term success in the competitive 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
V I P Inds.	4105.79		5.25%	-7.94%	-8.30%	66.09%	-273.71%
Safari Inds.	10124.40	82.37	25.23%	-3.28%	14.02%	16.96%	-28.35%

Aspect	Commentary
Revenue	Safari Industries reported annual revenue growth of 41.6%, driven by innovative product offerings and market expansion. However, quarterly revenue declined by 3.28%, indicating potential seasonal fluctuations or demand challenges in the short term.
Profit & Loss	Annual PAT grew 28.57%, reflecting strong operational efficiency, but quarterly PAT dropped 28.37%, signaling potential cost pressures or reduced margins in the recent quarter.
Profitability Matrix	Operating profit margin stands at 10.3%, showcasing steady efficiency. EBITDA margin of 14.76% highlights robust operational performance, but quarterly net profit margin decline suggests short-term profitability challenges.
Valuation Matrix	Trailing P/E of 82.4 and PEG ratio of 2.00 indicate high valuation relative to growth. EV/EBITDA of 47.0 suggests premium pricing, while dividend yield of 0.13% reflects limited shareholder returns.
Growth (YoY)	Sales grew 15.4% YoY, driven by product innovation and market expansion. PAT growth of 28.57% highlights strong profitability improvements, but EPS decline of 20.5% suggests diluted earnings per share.
Growth (QoQ)	Quarterly sales declined 3.28%, reflecting short-term demand challenges. PAT grew 16.97%, indicating improved profitability, but PAT QYoQ dropped 28.37%, signaling potential cost pressures or margin contraction.
Capital Allocation	RoE of 25.2% and RoCE of 29.0% reflect efficient capital utilization. Cash equivalents of Rs.274 Cr provide liquidity, while debt/equity ratio of 0.16 indicates low leverage and financial stability.
Holdings	Promoter holding of 45.4% ensures strong control, while FII and DII holdings of 13.2% and 23.7% respectively reflect institutional confidence. Public holding of 17.6% indicates moderate retail investor participation.
Leverage	Debt/equity ratio of 0.16 highlights low leverage, ensuring financial stability. Total debt of Rs.135 Cr is manageable relative to market cap of Rs.10,124 Cr, supporting long-term growth potential.

Analyst viewpoint: Safari Industries has demonstrated robust annual growth, with revenue increasing by 41.6% YoY and PAT growing 28.57%, driven by innovative product offerings and strategic market expansion. The company's strong RoE of 25.2% and RoCE of 29.0% underscore efficient capital utilization, while a low debt-to-equity ratio of 0.16 highlights financial stability. Its diversification into lifestyle segments and focus on e-commerce channels position Safari to capture evolving consumer trends. Additionally, the company's commitment to sustainability and international market expansion enhances its long-term growth potential. Despite a slight QoQ revenue decline of 3.28%, likely due to seasonal factors, Safari's operational efficiency remains intact, as reflected in its EBITDA margin of 14.76%.

Valuation metrics, including a trailing P/E of 82.4 and EV/EBITDA of 47.0, suggest premium pricing, supported by strong brand equity and growth prospects. However, the quarterly PAT decline of 28.37% indicates potential short-term cost pressures. Peer comparison highlights Safari's superior growth metrics and market positioning, particularly against competitors like VIP Industries. With a strategic focus on innovation, omni-channel distribution, and global expansion, Safari Industries is well-poised for sustained growth in the short to mid-term. Investors should remain mindful of its high valuation levels, which may limit upside in the near term.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
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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