

**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, expanding into lifestyle and travel-related products to cater to evolving consumer needs. Emphasizing digital transformation, sustainability, and innovation, Safari leverages e-commerce and eco-friendly practices to enhance customer engagement, drive growth, and establish itself as a key player in the industry.

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:

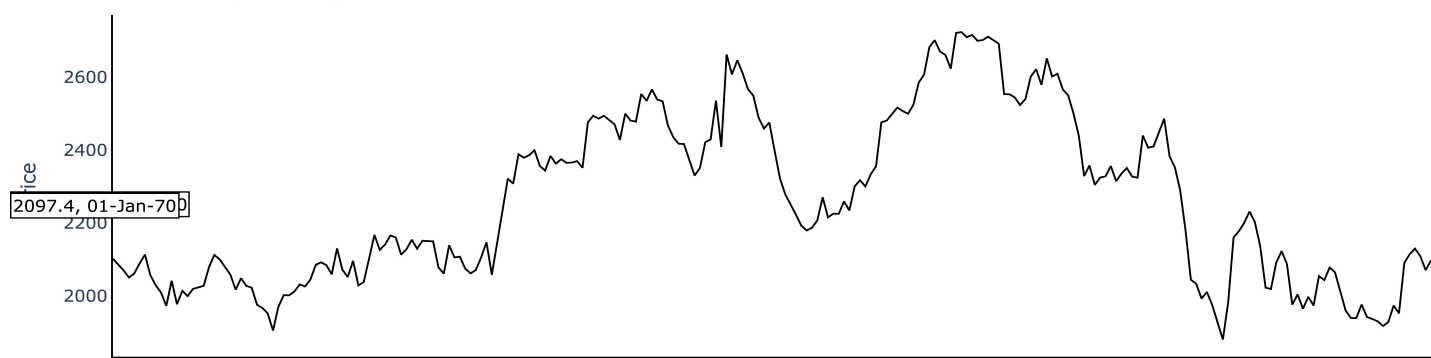
Safari Industries, a prominent player in the luggage and travel accessories market, has recently been focusing on expanding its product portfolio and enhancing its market presence. The company has announced initiatives to diversify its offerings beyond traditional luggage, venturing into lifestyle and travel-related products. This strategic move aims to capture a broader customer base and cater to evolving consumer preferences. By introducing new product lines, Safari is positioning itself to compete more effectively with established brands in the lifestyle segment, thereby increasing its market share and revenue streams.

In terms of business strategies, Safari has been actively pursuing digital transformation to enhance customer engagement and streamline operations. The company is investing in e-commerce platforms to boost online sales, recognizing the growing trend of digital shopping. This shift not only provides convenience to customers but also allows Safari to reach a wider audience without the constraints of physical retail spaces. Additionally, the company is leveraging data analytics to better understand consumer behavior, enabling more targeted marketing efforts and personalized customer experiences. These initiatives are expected to drive sales growth and improve customer loyalty.

Safari's future growth prospects are further bolstered by its focus on sustainability and innovation. The company is exploring eco-friendly materials and sustainable manufacturing processes to meet the increasing demand for environmentally conscious products. By integrating sustainability into its business model, Safari aims to differentiate itself in the competitive market and appeal to a growing segment of eco-conscious consumers. Furthermore, the company is investing in research and development to innovate its product offerings, ensuring they meet the latest trends and technological advancements in the travel industry.

To capitalize on these opportunities, Safari could consider forming strategic partnerships with technology firms to enhance its digital capabilities and with sustainable material suppliers to strengthen its eco-friendly product lines. Additionally, expanding its presence in international markets could provide new growth avenues, especially in regions with rising travel and tourism activities. By maintaining a balance between innovation, sustainability, and market expansion, Safari is well-positioned to achieve long-term growth and establish itself as a leader in the travel and lifestyle 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

Aspect	Commentary
Revenue	Safari Industries reported annual revenue growth of 41.6%, driven by diversification into lifestyle products and e-commerce expansion. Quarterly revenue declined slightly by 3.28%, indicating potential seasonal fluctuations or market challenges.
Profit & Loss	Annual PAT grew 28.57%, reflecting strong operational efficiency. Quarterly PAT declined by 28.37%, signaling short-term pressures. EPS growth was negative YoY, suggesting diluted earnings performance.
Profitability Matrix	Operating profit margin of 10.3% and EBITDA margin of 14.76% highlight stable profitability. Net profit margin at 9.9% indicates effective cost management, though quarterly metrics show slight contraction.
Valuation Matrix	Trailing P/E of 82.2 and PEG ratio of 1.99 suggest high growth expectations but premium valuation. EV/EBITDA of 47.0 reflects expensive enterprise valuation. Dividend yield remains low at 0.13%.
Growth (YoY)	Sales grew 15.4% YoY, supported by product diversification and digital initiatives. PAT growth of 28.57% underscores operational improvements. EPS declined by 20.5%, indicating potential margin pressures.
Growth (QoQ)	Quarterly sales declined by 3.28%, while PAT grew 16.97%, showing resilience despite revenue contraction. QYoY sales growth of 13.92% reflects consistent demand, though PAT QYoY dropped significantly.
Capital Allocation	RoE of 25.2% and RoCE of 29.0% demonstrate 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 at 45.4% ensures strong ownership control. FII and DII holdings at 13.2% and 23.7% reflect institutional confidence. Public holding at 17.6% indicates balanced investor participation.
Leverage	Debt/equity ratio of 0.16 highlights prudent financial management. Total debt of Rs.135 Cr is manageable relative to market cap of Rs.10,108 Cr. Enterprise value of Rs.9,969 Cr aligns with growth potential.

**Analyst viewpoint:** Safari Industries has demonstrated robust annual growth, with revenue increasing by 41.6% YoY, driven by strategic diversification into lifestyle products and a strong focus on e-commerce expansion. Despite a marginal QoQ revenue decline of 3.28%, likely due to seasonal factors, the company's PAT grew 28.57% YoY, reflecting operational efficiency and effective cost management. Its RoE of 25.2% and RoCE of 29.0% underscore efficient capital allocation, while a low debt-to-equity ratio of 0.16 and cash reserves of Rs. 274 Cr highlight financial stability. Safari's digital transformation initiatives, coupled with its focus on sustainability and innovation, position it well to capture evolving consumer preferences and expand its market share. Additionally, its competitive edge is strengthened by a balanced ownership structure, with 45.4% promoter holding and significant institutional participation.

While Safari's premium valuation metrics, such as a trailing P/E of 82.2 and EV/EBITDA of 47.0, reflect high growth expectations, they also suggest limited room for valuation-driven upside in the near term. Quarterly PAT growth of 16.97% despite a revenue dip indicates resilience, but the 28.37% QoQ PAT decline warrants close monitoring of short-term margin pressures. Overall, Safari's strategic initiatives, financial prudence, and market positioning make it a compelling buy for short to mid-term investors, though its elevated valuation and recent earnings volatility should be factored into investment decisions.

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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