

Where aspiration meets adventure!

Focus on the premium portfolio with margin discipline as Jaipur ramp up imminent

We met with Mr. Sudhir Jatia, Chairman & Managing Director of Safari Industries (SI), to discuss the company's medium-to-long-term growth strategy across its brand portfolio, with a focus on growth aspirations and market share enhancement following the operationalization of the Jaipur plant. The following are the key takeaways from our discussion:

Strategic direction and growth priorities

- SI is entering its "Safari 3.0" phase, marked by strong back-end readiness and a renewed focus on front-end brand building as well as elevating customer experience.
- The company targets double-digit revenue growth over the long term, with aspirations to consistently outperform industry averages.
- Management noted that achieving industry leadership is less challenging than sustaining it; accordingly, their strategy prioritizes long-term, sustainable leadership over short-term market share gains.
- A robust capital structure and healthy cash flows enable SI to pursue growth independently, unlike many PE-backed competitors operating on shorter investment horizons (typically 3-5 years).
- The company remains open to acquiring D2C brands if the right synergies are present, reflecting a willingness to pursue inorganic expansion where strategically appropriate.

Jaipur facility and manufacturing ecosystem

- Stabilization of the Jaipur plant remains a top operational priority, with full efficiency gains expected to be realized from 4QFY26 onwards.
- The facility features robotics-enabled processes and operates with support from a 5MW rooftop solar installation, which is anticipated to improve EBITDA margins by 1-2%.
- SI is developing a comprehensive manufacturing ecosystem at Jaipur, thereby minimizing reliance on third-party suppliers—unlike some competitors.
- Additional production capabilities are executed in collaboration with the Jaipur Central Jail facility, enabling reduced dependency on conventional labor resources.
- SI has established itself as the largest wheel manufacturer, further reinforcing its scale advantage in the industry.
- Although SI received offers to set up overseas manufacturing plants with an attractive two-year payback period, the management has strategically chosen to concentrate on domestic consolidation through the Jaipur facility.

Competition and industry dynamics

- SI and Samsonite are currently the only consistently profitable companies in the Indian luggage sector, demonstrating resilient business models and financial discipline.
- Management is strategically leveraging SI's superior cost structure to ensure that VIP Industries does not achieve EBITDA profitability over the next 18 months, reinforcing SI's competitive advantage.
- Although PE-backed entrants may resort to aggressive capital infusion, SI's established presence and robust cash flows offer significant protection against such competitive pressures.
- Historical evidence suggests that price wars are unlikely to destabilize SI, as the company has successfully maintained operational and financial stability during previous market disruptions.

Safari Industries



Mr. Sudhir Jatia, Chairman & Managing Director

Mr. Jatia brings over 28 years of extensive experience in the domestic luggage industry. He was appointed Managing Director of SI on 18th Apr'12. He holds a commerce degree from Mumbai University and has completed the Owner/President Management Program at Harvard Business School.

Our initiating coverage report dated 11th Sep'25

[Travel, mobility, and aspirations unlock Luggage 2.0!](#)

- Management identifies the primary threat in the market as highly aggressive new-age entrepreneurs, rather than established incumbents such as VIP or other legacy players.
- Deflation in selling prices, a trend seen in industries like television, is now noticeable in the luggage market; however, SI's strong brand equity allows it to maintain pricing power.

Brand strategy and premiumization

- Approximately 80% of SI's revenue is generated by the Safari brand, which is positioned as an upper-mass-market offering.
- Magnum is evolving into an online-first brand, while Safari is focused on scaling its presence in the offline mass-premium segment.
- Safari Select and Urban Jungle brands are projected to contribute around 15% of total revenue within the next two years, and Urban Jungle is likely to contribute ~15% of revenue in two years.
- Both Genie and Urban Jungle have already surpassed the INR1b revenue mark, with Urban Jungle currently accounting for 4-5% of overall revenue.
- The Safari brand commands a 10-15% price premium over mass-market competitors such as Aristocrat and Kamiliant, without compromising on growth or margins.
- Premium brands are currently imported with an approximate 90-day inventory cycle; SI plans to gradually transition premium manufacturing in-house, with Urban Jungle identified as a key candidate for this shift.

Sales channels and market presence

- The revenue distribution across regions follows the order: North > West > South > East.
- SI is expanding its airport presence, having established partnerships with 15 airports—including Jaipur, Mumbai, and Guwahati—with exclusive brand outlets (EBOs) expected to open by December 2025.
- Urban Jungle outlets are already operational in most major airports, strengthening the brand's premium positioning in travel retail.
- E-commerce partnerships remain robust; notably, SI has secured more favorable terms with Flipkart compared to its competitors.
- The CSD channel currently contributes 6-7% of revenue and is anticipated to maintain this steady level.
- The backpack segment faces a significant challenge due to a high prevalence (60-65%) of duplicate products in the market, limiting the ability to fully leverage brand strength.

Exports and global outlook

- Exports are not currently a focus for SI, as management believes establishing domestic leadership is a necessary prerequisite before pursuing global expansion.
- Previously, limited manufacturing capacity constrained SI's ability to meet overseas demand; with the Jaipur facility now operational, the company may consider export opportunities in the future.
- The strategic priority remains achieving market dominance within India, rather than prematurely diverting resources to international markets.

Leadership and organization

- Mr. Sudhir Jatia recently marked 14 years of leadership at SI, underscoring his long-term commitment to the company.
- While the overall employee headcount is expected to remain stable, there will be a continuous focus on enhancing the quality of manpower.
- Moving forward, Mr. Jatia plans to concentrate more on front-end operations, leveraging the now well-established back-end ecosystem.
- An active succession plan is underway, with a leadership transition anticipated within the next 3-4 years.
- The company's philosophy emphasizes enduring continuity, aiming to position SI as a 50-year-plus institution, distinct from PE-backed peers with shorter-term investment horizons.

Valuation and view: Robust outlook maintained; reiterate BUY

- SI, a leading player in the mass-luggage industry with ~30% share between the top 3 players, has outpaced industry growth and reported a revenue CAGR of 36% over FY22-25.
- During FY22-25, SI recorded a CAGR of 36%/60%/65% in revenue/EBITDA/PAT, with a 12.7% EBITDA margin. We model a revenue/ EBITDA/APAT CAGR of 16%/25%/27% over FY25-FY28, led by volume growth and an improving margin profile.
- Management aims to double revenue (Rs40b) over the next 4-5 years while maintaining gross margins of ~45-47% and EBITDA margins of ~14-16%, based on the current outlook.
- We expect SI to deliver industry-beating growth and expand its market share by focusing on 1) building the Urban Jungle brand along with SI-Select (premium positioning), 2) ramping up capacity utilization at Jaipur, 3) developing in-house manufacturing of ancillary components, and 4) adding 50 EBOs every year.
- **With strong operating performance, improving FCF to INR2.7b in FY28E, and an expansion in RoE to 19.4% in FY28E from 16.1% in FY25, we reiterate our BUY rating with a DCF-based TP of INR2,700 (based on an implied P/E of 50x on Sep'27).**

Story in charts

Exhibit 1: Scenario analysis – Bull case

| | FY26E | FY27E | FY28E |
|--------------------|--------|--------|--------|
| Net Revenue | 20,639 | 24,148 | 28,253 |
| EBITDA | 3,220 | 3,813 | 4,506 |
| APAT | 2,132 | 2,525 | 3,013 |
| Change YoY (%) | 49.3 | 18.4 | 19.3 |
| Revenue Growth (%) | 16.5 | 17 | 17 |
| EBITDA Margin (%) | 15.6 | 15.8 | 16.0 |
| RoE (%) | 20.3 | 20.1 | 20.1 |
| EPS | 43.6 | 51.7 | 61.6 |
| Target price (INR) | 2,900 | | |
| Upside (%) | 32% | | |

Source: MOFSL

Exhibit 2: Scenario analysis – Bear case

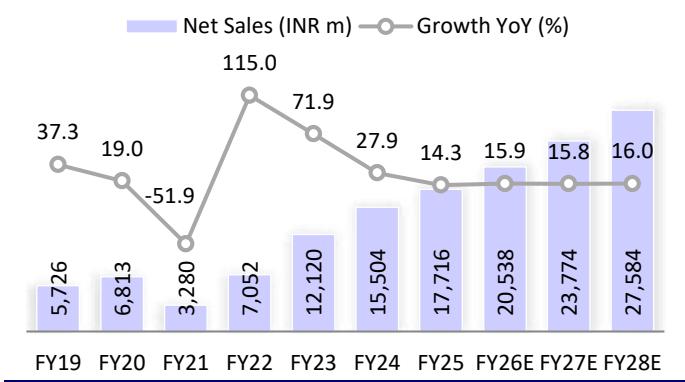
| | FY26E | FY27E | FY28E |
|--------------------|--------|--------|--------|
| Net Revenue | 20,373 | 23,429 | 26,944 |
| EBITDA | 3,117 | 3,629 | 4,217 |
| APAT | 2,055 | 2,387 | 2,796 |
| Change YoY (%) | 43.9 | 16.2 | 17.1 |
| Revenue Growth (%) | 15.0 | 15.0 | 15.0 |
| EBITDA Margin (%) | 15.3 | 15.5 | 15.7 |
| RoE (%) | 19.7 | 19.2 | 18.9 |
| EPS | 42.0 | 48.8 | 57.2 |
| Target price (INR) | 2,500 | | |
| Upside (%) | 13% | | |

Source: MOFSL

Exhibit 3: Brand-wise portfolio positioning

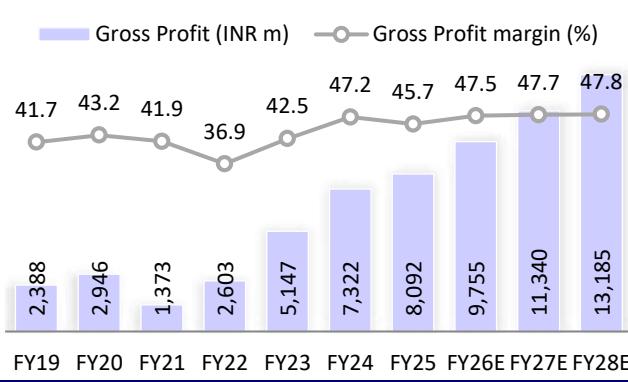
| Brand | Category Focus | Target Audience | Price Segment |
|--------------|---|---|---------------------|
| Safari | ❖ Hard & soft luggage, backpacks, school bags, laptop bags, duffle bags | ❖ Value-conscious families, students, and young professionals | ❖ Value and Premium |
| Urban Jungle | ❖ Hard & soft luggage, duffle bags, backpacks | ❖ Young Affluent | ❖ Premium |
| Genie | ❖ Hard & soft luggage, backpacks | ❖ Young Girls and Women | ❖ Value and Premium |
| Magnum | ❖ Hard & soft luggage, backpacks | ❖ Mass aspirational consumer segment | ❖ Value |
| Genius | ❖ Soft luggage, duffle bags, backpacks | ❖ Kids | ❖ Value and Premium |

Exhibit 4: Revenue to exhibit a 16% CAGR over FY25-28E



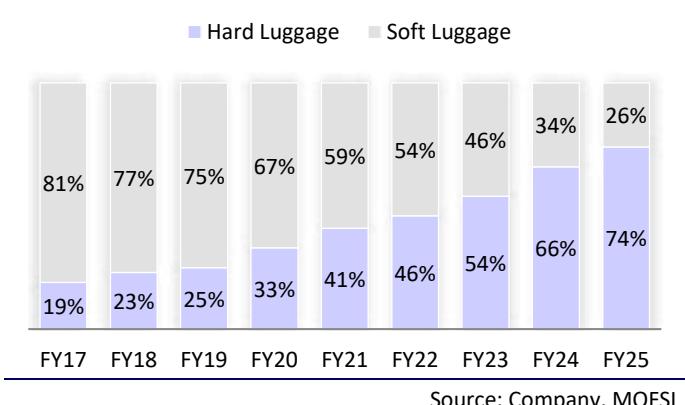
Source: Company, MOFSL

Exhibit 5: Gross margin set to reach 47.8% by FY28E



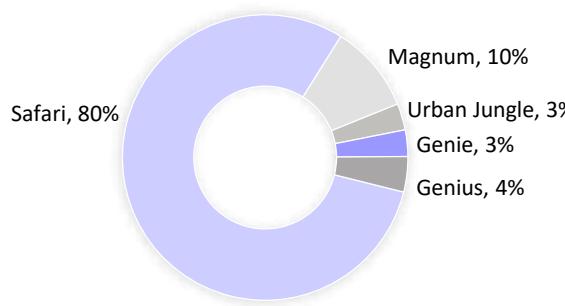
Source: Company, MOFSL

Exhibit 6: Category-wise revenue share trend



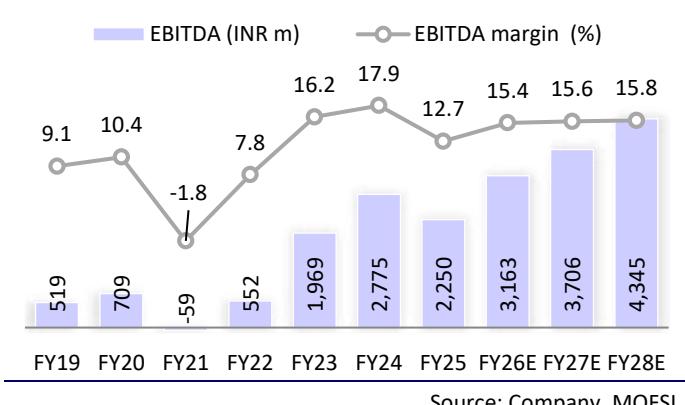
Source: Company, MOFSL

Exhibit 7: Brand-wise revenue share (FY25)



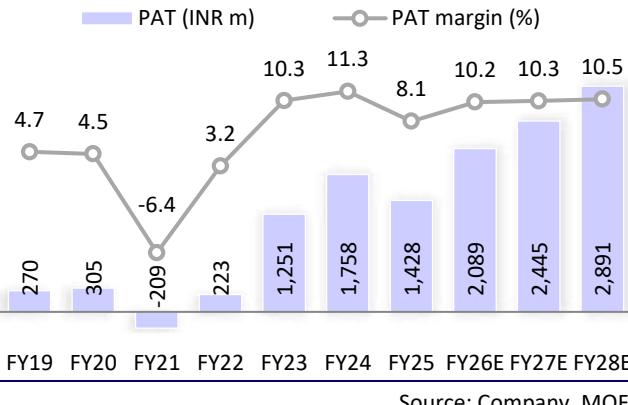
Source: Company, MOFSL

Exhibit 8: EBITDA margin would expand ~321bp to 15.9% over FY25-28E



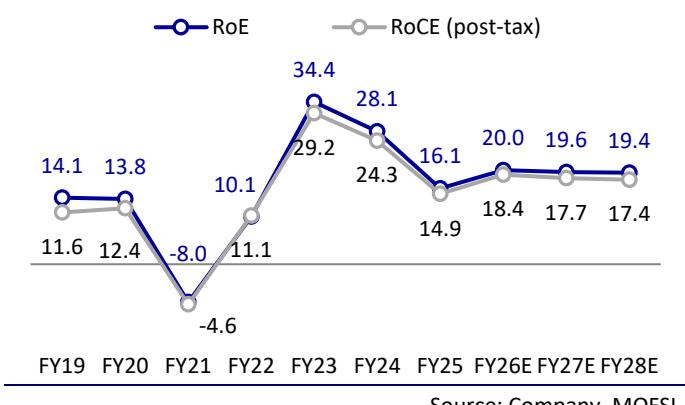
Source: Company, MOFSL

Exhibit 9: PAT margin to reach 10.6% by FY28E



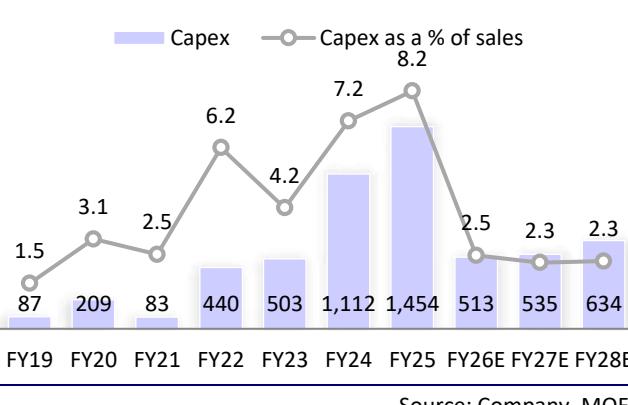
Source: Company, MOFSL

Exhibit 10: RoE to reach 19.4% in FY28E



Source: Company, MOFSL

Exhibit 11: Capex as a % of sales likely to stabilize at ~2%



Source: Company, MOFSL

Financials and valuations

| Consolidated - Income Statement | | | | | | | | (INRm) |
|---------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Net Sales | 3,280 | 7,052 | 12,120 | 15,504 | 17,716 | 20,538 | 23,774 | 27,584 |
| Change (%) | -51.9 | 115.0 | 71.9 | 27.9 | 14.3 | 15.9 | 15.8 | 16.0 |
| Raw Materials | 1,907 | 4,448 | 6,973 | 8,182 | 9,624 | 10,782 | 12,434 | 14,399 |
| Gross Profit | 1,373 | 2,603 | 5,147 | 7,322 | 8,092 | 9,755 | 11,340 | 13,185 |
| Employee Cost | 599 | 664 | 858 | 976 | 1190 | 1368 | 1573 | 1786 |
| Other Expenses | 834 | 1388 | 2321 | 3571 | 4652 | 5225 | 6061 | 7055 |
| Total Expenses | 3,339 | 6,500 | 10,151 | 12,729 | 15,466 | 17,375 | 20,068 | 23,239 |
| % of Net Sales | 101.8 | 92.2 | 83.8 | 82.1 | 87.3 | 84.6 | 84.4 | 84.2 |
| EBITDA | -59 | 552 | 1969 | 2775 | 2250 | 3163 | 3706 | 4345 |
| EBITDAM (%) | -1.8 | 7.8 | 16.2 | 17.9 | 12.7 | 15.4 | 15.6 | 15.8 |
| Depn. & Amortization | 204 | 199 | 333 | 518 | 591 | 610 | 710 | 793 |
| EBIT | -264 | 353 | 1636 | 2257 | 1659 | 2552 | 2997 | 3551 |
| Net Interest | 58 | 49 | 80 | 95 | 88 | 80 | 72 | 64 |
| Other income | 33 | 80 | 95 | 139 | 285 | 313 | 335 | 369 |
| PBT | -288 | 384 | 1650 | 2301 | 1856 | 2786 | 3260 | 3855 |
| EO expense | 0 | 93 | 0 | 0 | 0 | 0 | 0 | 0 |
| PBT after EO | -288 | 291 | 1650 | 2301 | 1856 | 2786 | 3260 | 3855 |
| Tax | -80 | 67 | 400 | 543 | 428 | 696 | 815 | 964 |
| Rate (%) | 27.6 | 23.2 | 24.2 | 23.6 | 23.0 | 25.0 | 25.0 | 25.0 |
| Reported PAT | -209 | 223 | 1251 | 1758 | 1428 | 2089 | 2445 | 2891 |
| Minority and Associates | | | | | | | | |
| Adjusted PAT | -209 | 295 | 1251 | 1758 | 1428 | 2089 | 2445 | 2891 |
| Change (%) | -168.4 | -241.2 | 324.7 | 40.5 | -18.8 | 46.3 | 17.0 | 18.3 |

| Consolidated - Balance Sheet | | | | | | | | (INRm) |
|---|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
| Share Capital | 95 | 95 | 95 | 98 | 98 | 98 | 98 | 98 |
| Reserves | 2,738 | 2,918 | 4,162 | 8,137 | 9,437 | 11,312 | 13,506 | 16,101 |
| Net Worth | 2,833 | 3,013 | 4,257 | 8,235 | 9,535 | 11,410 | 13,604 | 16,199 |
| Minority Interest | | | | | | | | |
| Total Loans | 367 | 556 | 1,394 | 1,463 | 1,248 | 1,598 | 1,948 | 2,298 |
| Deferred Tax Liability | -109 | -70 | -37 | -63 | -77 | -77 | -77 | -77 |
| Capital Employed | 3,091 | 3,499 | 5,614 | 9,634 | 10,707 | 12,931 | 15,476 | 18,421 |
| Gross Block | 538 | 834 | 1,487 | 1,981 | 3,411 | 3,925 | 4,460 | 5,094 |
| Less: Accum. Deprn. | 166 | 300 | 417 | 591 | 802 | 1,182 | 1,616 | 2,089 |
| Net Fixed Assets | 372 | 534 | 1,070 | 1,390 | 2,609 | 2,743 | 2,844 | 3,005 |
| Capital WIP | 1 | 197 | - | 10 | 124 | 124 | 124 | 124 |
| Other Non-Current Assets | 684 | 533 | 927 | 1,744 | 1,700 | 1,920 | 2,094 | 2,224 |
| Current Assets | 2,847 | 3,355 | 5,447 | 8,235 | 8,682 | 10,483 | 13,106 | 16,181 |
| Inventory | 1,140 | 1,461 | 2,664 | 2,694 | 3,504 | 3,545 | 3,748 | 3,945 |
| Account Receivables | 906 | 1,146 | 1,693 | 1,654 | 2,429 | 2,330 | 2,567 | 2,827 |
| Cash and Cash Equivalent | 655 | 592 | 865 | 2,184 | 2,250 | 4,110 | 6,294 | 8,911 |
| Cash | 44 | 22 | 29 | 390 | 116 | 1,975 | 4,159 | 6,776 |
| Bank Balances | 611 | 571 | 836 | 1,794 | 2,135 | 2,135 | 2,135 | 2,135 |
| Others | 146 | 156 | 225 | 1,703 | 498 | 498 | 498 | 498 |
| Current Liability & Provisions | 812 | 1,119 | 1,829 | 1,745 | 2,409 | 2,338 | 2,692 | 3,113 |
| Account Payables | 700 | 1,001 | 1,665 | 1,522 | 2,000 | 1,973 | 2,275 | 2,635 |
| Provisions & Others | 113 | 118 | 164 | 223 | 409 | 365 | 417 | 478 |
| Net Current Assets | 2,034 | 2,236 | 3,618 | 6,490 | 6,273 | 8,145 | 10,414 | 13,068 |
| Application of Funds | 3,091 | 3,499 | 5,615 | 9,634 | 10,707 | 12,932 | 15,476 | 18,421 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|---------------------------------|----------|--------|-------|-------|-------|-------|-------|-------|
| Adjusted EPS | -4.4 | 6.2 | 26.4 | 36.1 | 29.2 | 42.7 | 50.0 | 59.1 |
| Growth (%) | -168.4 | -241.2 | 326.0 | 36.7 | -19.0 | 46.3 | 17.0 | 18.3 |
| Cash EPS | -0.1 | 10.4 | 33.4 | 46.7 | 41.3 | 55.2 | 64.5 | 75.4 |
| Book Value Per Share | 59.6 | 63.3 | 89.8 | 168.9 | 195.0 | 233.4 | 278.3 | 331.4 |
| DPS | 0.0 | 0.8 | 3.5 | 5.5 | 1.5 | 4.4 | 5.1 | 6.1 |
| Payout (incl. Div. Tax.) | 0.0 | 12.9 | 13.3 | 15.3 | 5.1 | 10.3 | 10.3 | 10.3 |
| Valuation (x) | | | | | | | | |
| P/E | -502.7 | 355.9 | 83.6 | 61.1 | 75.5 | 51.6 | 44.1 | 37.3 |
| Cash P/E | -24245.6 | 212.5 | 66.0 | 47.2 | 53.4 | 39.9 | 34.2 | 29.2 |
| P/BV | 37.0 | 34.8 | 24.6 | 13.1 | 11.3 | 9.4 | 7.9 | 6.7 |
| EV/EBITDA | -1763.2 | 189.9 | 53.4 | 38.5 | 47.4 | 33.3 | 27.9 | 23.3 |
| EV/Sales | 31.9 | 14.9 | 8.7 | 6.9 | 6.0 | 5.1 | 4.3 | 3.7 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.2 | 0.2 | 0.1 | 0.2 | 0.2 | 0.3 |
| Profitability Ratios (%) | | | | | | | | |
| RoE | -8.0 | 10.1 | 34.4 | 28.1 | 16.1 | 20.0 | 19.6 | 19.4 |
| RoCE (post-tax) | -4.6 | 11.1 | 29.2 | 24.3 | 14.9 | 18.4 | 17.7 | 17.4 |
| RoIC (post-tax) | -8.1 | 13.8 | 41.3 | 36.2 | 20.7 | 28.6 | 32.7 | 37.7 |
| Turnover Ratios | | | | | | | | |
| Asset Turnover (x) | 1.1 | 2.0 | 2.2 | 1.6 | 1.7 | 1.6 | 1.5 | 1.5 |
| Inventory (Days) | 127 | 76 | 80 | 63 | 72 | 63 | 58 | 52 |
| Debtor (Days) | 101 | 59 | 51 | 39 | 50 | 41 | 39 | 37 |
| Payable (Days) | 78 | 52 | 50 | 36 | 41 | 35 | 35 | 35 |
| Leverage Ratio | | | | | | | | |
| Net Debt/Equity (x) | -0.1 | 0.0 | 0.1 | -0.1 | -0.1 | -0.2 | -0.3 | -0.4 |

Consolidated - Cash Flow Statement

(INRm)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|------------------------------|--------------|-------------|--------------|---------------|--------------|--------------|--------------|--------------|
| EBITDA | -59 | 552 | 1,969 | 2,775 | 2,250 | 3,163 | 3,706 | 4,345 |
| WC | 1,078 | -452 | -1,171 | -128 | -1,332 | -13 | -85 | -37 |
| Others | 87 | 83 | 70 | 74 | 50 | - | - | - |
| Direct taxes (net) | 12 | -26 | -361 | -552 | -395 | -696 | -815 | -964 |
| CF from Op. Activity | 1,118 | 156 | 506 | 2,169 | 573 | 2,454 | 2,806 | 3,344 |
| Capex | -83 | -440 | -503 | -1,112 | -1,454 | -513 | -535 | -634 |
| FCFF | 1,035 | -284 | 3 | 1,057 | -881 | 1,940 | 2,271 | 2,709 |
| Interest income | 1 | 63 | 47 | 75 | 197 | 313 | 335 | 369 |
| Others | -894 | 341 | -239 | -2,416 | 1,160 | -450 | -450 | -450 |
| CF from Inv. Activity | -976 | -37 | -695 | -3,453 | -97 | -650 | -650 | -716 |
| Share capital | 749 | -1 | 3 | 8 | 6 | - | - | - |
| Borrowings | -719 | 13 | 494 | 2,104 | -216 | - | - | - |
| Finance cost | -58 | -50 | -79 | -95 | -89 | -80 | -72 | -64 |
| Dividend | - | - | -53 | -106 | -146 | -214 | -251 | -297 |
| Others | -76 | -103 | -168 | -266 | -306 | 350 | 350 | 350 |
| CF from Fin. Activity | -104 | -141 | 196 | 1,645 | -751 | 56 | 28 | -11 |
| (Inc)/Dec in Cash | 38 | -21 | 7 | 361 | -274 | 1,860 | 2,184 | 2,617 |
| Opening balance | 4 | 43 | 22 | 29 | 390 | 116 | 1,975 | 4,159 |
| Closing balance | 43 | 22 | 29 | 390 | 116 | 1,975 | 4,159 | 6,776 |

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|----------------------------------|--|
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| 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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