

Safari Industries

| | |
|-----------------|---|
| Estimate change | ↓ |
| TP change | ↓ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | SII IN |
| Equity Shares (m) | 49 |
| M.Cap.(INRb)/(USDb) | 105 / 1.2 |
| 52-Week Range (INR) | 2507 / 1670 |
| 1, 6, 12 Rel. Per (%) | 1/-2/-6 |
| 12M Avg Val (INR M) | 94 |
| Free float (%) | 55.3 |

Financials & Valuations (INR b)

| Y/E MARCH | FY26E | FY27E | FY28E |
|--------------|-------|-------|-------|
| Sales | 20.7 | 24.1 | 28.1 |
| EBITDA | 2.9 | 3.5 | 4.2 |
| Adj. PAT | 1.9 | 2.3 | 2.8 |
| EPS (INR) | 38.3 | 46.4 | 56.5 |
| EPS Gr. % | 31.2 | 21.2 | 21.6 |
| BV/Sh. (INR) | 229.4 | 271.1 | 321.8 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | -0.2 | -0.3 | -0.4 |
| RoE (%) | 18.1 | 18.6 | 19.1 |
| RoCE (%) | 14.1 | 14.4 | 14.9 |
| Payout (%) | 10.3 | 10.3 | 10.3 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 55.8 | 46.0 | 37.9 |
| P/B (x) | 9.3 | 7.9 | 6.6 |
| EV/EBITDA (x) | 35.9 | 29.0 | 23.5 |
| Div. yield (%) | 0.2 | 0.2 | 0.3 |

Shareholding pattern (%)

| As On | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 44.7 | 44.9 | 45.4 |
| DII | 26.6 | 26.1 | 24.0 |
| FII | 12.3 | 12.3 | 12.3 |
| Others | 16.4 | 16.7 | 18.4 |

CMP: INR2,144

TP: INR2,600 (+21%)

Buy

Consistent performance; volume rises ~20% YoY

Safari Industries' (SII) 3QFY26 print misses our estimate; revenue grew 15.7% to INR5.1b, supported by ~20% YoY volume growth. EBITDA/PAT grew 10.5%/5.6% YoY. Management indicated that heightened competition to chase volumes led to elevated discounting across both offline and online channels in 3Q. Though the offline channel delivered ~22% growth, e-commerce grew slower at ~12–15%. Management assumes the healthy volume momentum to continue in 4Q as well. We expect SII's revenue momentum to outpace the industry (+16% CAGR), driven by improving capacity utilization at the new Jaipur plant, while EBITDA margins are likely to be in the range of ~13.5–14.5% over the next two years.

Higher volumes drive industry-leading growth

SII's revenue grew 15.7% YoY to INR5.1b in 3QFY26, backed by solid ~20% YoY volume growth. Higher growth was driven by ~22% growth in the offline channel, while e-commerce grew ~12–15%. According to our channel checks and management commentary, January and February witnessed consistent growth of ~16% for the luggage industry in 4Q. We expect SII's revenue momentum to continue to outpace the industry, led by: 1) ~75% contribution from hard luggage, 2) rising consumer traction through NPD, 3) scaling of operations at the Jaipur unit (75%+ capacity utilization), and 4) rising contribution from Safari Select and Urban Jungle (premium brands), reaching INR2b by FY26E. As per our understanding, the Jaipur unit holds the potential to clock revenue of INR10b at full capacity utilization. With the addition of accessory manufacturing, such as wheels, at the Jaipur facility, management remains upbeat on the revenue momentum, guiding for volume growth of ~15-16% over the next 3-5 years.

Higher discounting weighs on margins; expect recovery in 4Q

In 3Q, gross margin expanded 107bp YoY and contracted 57bp to 46.5% YoY due to higher raw material prices. We note that with 3Q being heavily skewed toward offline sales (~50% of Q3 sales), discounting levels were higher to cater to wedding and festival demand. As a result, EBITDA grew 10.5% to INR557m, with EBITDA margin settling at 10.9% (-52bp YoY and -301bp QoQ). EBIT grew 6.4% to INR379m despite higher depreciation (+20.3%). PAT grew slower at 5.6% to INR329m on account of lower other income (-14.9%) and higher interest costs (+12.8%). Management expects EBITDA margins to settle in the ~13.5–14.5% range over the next two years.

Valuation and view: Reiterate BUY

We expect SII to deliver industry-leading 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 4-5 EBOs every month. Though we are confident about SII's growth story, we expect rising competitive intensity from VIP, Samsonite, and D2C players to impact SII's growth rates. Considering 9MFY26 performance, we have trimmed our earnings while reiterating our BUY rating with a DCF-based TP of INR2,600 (based on an implied P/E of 46x on FY28). Key risks: delayed capacity expansion and sudden rise/discounting by regional competition (refer to [our IC note dated Sep'25](#)).

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Cons. Qtrly performance

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26E | 3Q FY26E | (INR m) v/s Est % |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|-------------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | | | | |
| Net Sales | 4,500 | 4,578 | 4,427 | 4,211 | 5,278 | 5,336 | 5,124 | 4,970 | 17,716 | 20,708 | 5,336 | -4% |
| YoY Change (%) | 5.5 | 23.7 | 14.0 | 15.2 | 17.3 | 16.5 | 15.7 | 18.0 | 14.3 | 16.9 | 20.5 | |
| Gross Profit | 2,002 | 2,007 | 2,011 | 2,072 | 2,416 | 2,511 | 2,382 | 2,320 | 8,092 | 9,629 | 2,550 | |
| Total Expenditure | 3,842 | 4,099 | 3,923 | 3,602 | 4,486 | 4,595 | 4,567 | 4,208 | 15,466 | 17,856 | 4,538 | 1% |
| EBITDA | 659 | 479 | 504 | 609 | 793 | 740 | 557 | 762 | 2,250 | 2,852 | 798 | -30% |
| Margin (%) | 14.6 | 10.5 | 11.4 | 14.5 | 15.0 | 13.9 | 10.9 | 15.3 | 12.7 | 13.8 | 15.0 | |
| Depreciation | 142 | 147 | 147 | 154 | 174 | 176 | 177 | 160 | 591 | 688 | 176 | |
| Interest | 24 | 24 | 20 | 20 | 22 | 21 | 23 | 16 | 88 | 82 | 20 | |
| Other Income | 82 | 71 | 72 | 60 | 58 | 58 | 61 | 128 | 285 | 305 | 90 | |
| PBT before EO items | 575 | 378 | 408 | 494 | 654 | 601 | 417 | 713 | 1,856 | 2,387 | 692 | |
| Extraordinary Inc / (Exp) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| PBT | 575 | 378 | 408 | 494 | 654 | 601 | 417 | 713 | 1,856 | 2,387 | 692 | -40% |
| Tax | 131 | 82 | 97 | 118 | 150 | 133 | 89 | 142 | 428 | 513 | 159 | |
| Rate (%) | 22.8 | 21.6 | 23.7 | 24.0 | 22.8 | 22.1 | 21.2 | 19.9 | 23.0 | 21.5 | 23.0 | |
| JV and Associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Reported PAT | 444 | 297 | 311 | 376 | 505 | 469 | 329 | 571 | 1,428 | 1,873 | 533 | -38% |
| Adj PAT | 444 | 297 | 311 | 376 | 505 | 469 | 329 | 571 | 1,428 | 1,873 | 533 | |
| YoY Change (%) | -11.1 | -25.4 | -28.9 | -13.0 | 13.7 | 58.0 | 5.6 | 51.9 | -18.8 | 31.2 | 71.1 | |
| Margin (%) | 9.9 | 6.5 | 7.0 | 8.9 | 9.6 | 8.8 | 6.4 | 11.5 | 8.1 | 9.0 | 10.0 | |

Exhibit 1: Changes to our estimates (INR m)

| INR m | Old | | | New | | | Change (%) | | |
|-----------------|--------|--------|--------|--------|--------|--------|------------|-------|-------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Revenue | 20,538 | 23,774 | 27,584 | 20,708 | 24,133 | 28,139 | 0.8 | 1.5 | 2.0 |
| EBITDA | 3,154 | 3,694 | 4,353 | 2,852 | 3,468 | 4,186 | -9.6 | -6.1 | -3.8 |
| EBITDA margin % | 15.4 | 15.5 | 15.8 | 13.8 | 14.4 | 14.9 | | | |
| PAT | 2,065 | 2,433 | 2,887 | 1,873 | 2,270 | 2,761 | -9.3 | -6.7 | -4.4 |
| EPS | 42.2 | 49.8 | 59.1 | 38.3 | 46.4 | 56.5 | -9.3 | -6.7 | -4.4 |

Source: MOFSL, Company

Key exhibits

Exhibit 2: Quarterly sales trend

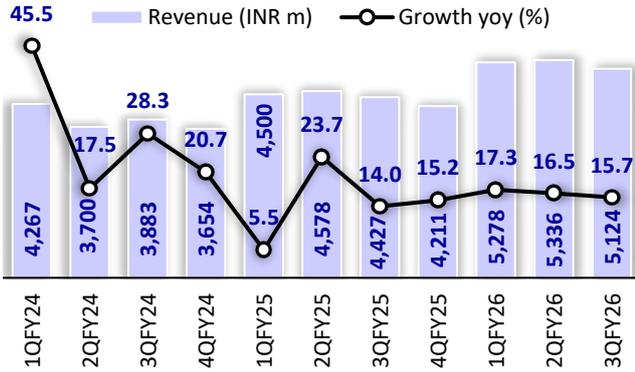


Exhibit 3: Quarterly margin trend

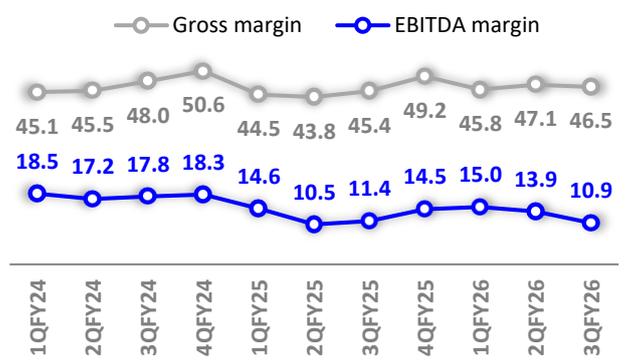


Exhibit 4: Quarterly EBITDA trend

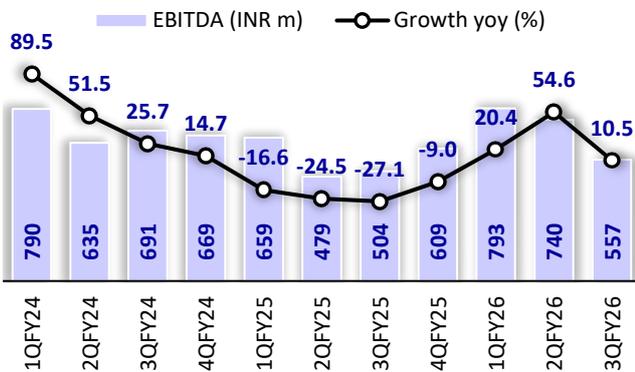


Exhibit 5: Quarterly PAT trend

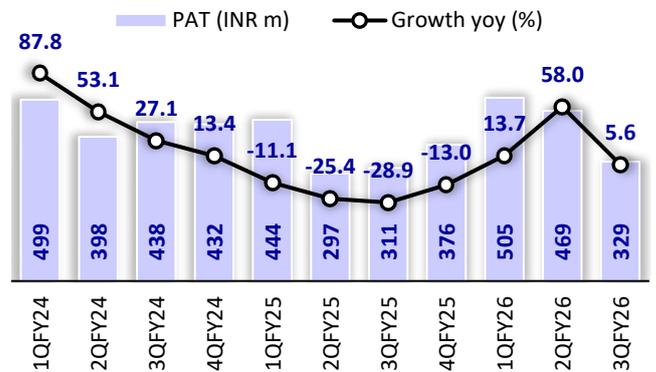


Exhibit 6: Category-wise revenue share trend

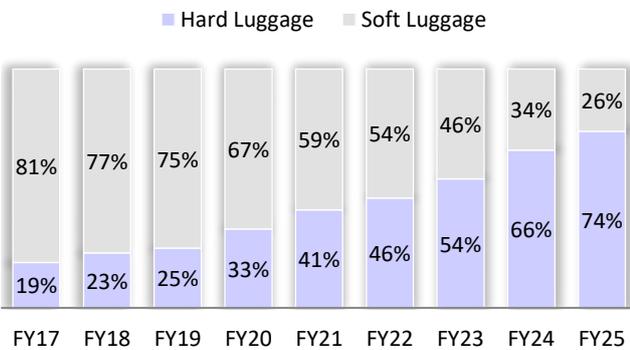


Exhibit 7: Brand-wise revenue share (FY25)

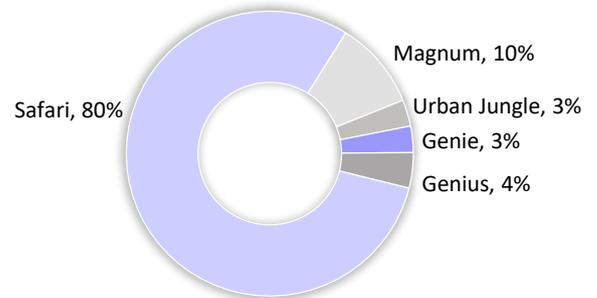
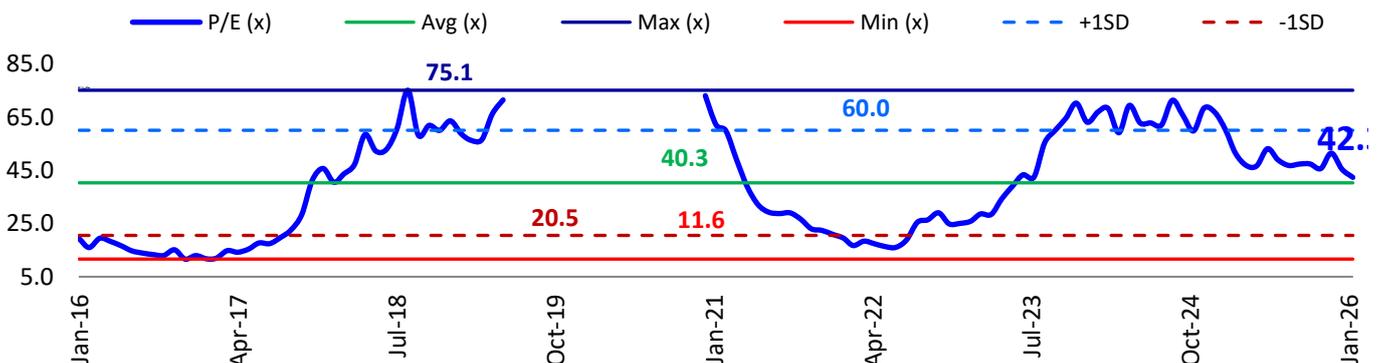


Exhibit 8: One-year forward P/E band and standard deviation



Source: Bloomberg, 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 | 20,708 | 24,133 | 28,139 |
| Change (%) | -51.9 | 115.0 | 71.9 | 27.9 | 14.3 | 16.9 | 16.5 | 16.6 |
| Raw Materials | 1,907 | 4,448 | 6,973 | 8,182 | 9,624 | 11,079 | 12,790 | 14,773 |
| Gross Profit | 1,373 | 2,603 | 5,147 | 7,322 | 8,092 | 9,629 | 11,342 | 13,366 |
| Employee Cost | 599 | 664 | 858 | 976 | 1190 | 1356 | 1546 | 1778 |
| Other Expenses | 834 | 1388 | 2321 | 3571 | 4652 | 5421 | 6329 | 7402 |
| Total Expenses | 3,339 | 6,500 | 10,151 | 12,729 | 15,466 | 17,856 | 20,665 | 23,952 |
| % of Net Sales | 101.8 | 92.2 | 83.8 | 82.1 | 87.3 | 86.2 | 85.6 | 85.1 |
| EBITDA | -59 | 552 | 1969 | 2775 | 2250 | 2852 | 3468 | 4186 |
| EBITDAM (%) | -1.8 | 7.8 | 16.2 | 17.9 | 12.7 | 13.8 | 14.4 | 14.9 |
| Depn. & Amortization | 204 | 199 | 333 | 518 | 591 | 688 | 803 | 899 |
| EBIT | -264 | 353 | 1636 | 2257 | 1659 | 2164 | 2665 | 3287 |
| Net Interest | 58 | 49 | 80 | 95 | 88 | 82 | 76 | 73 |
| Other income | 33 | 80 | 95 | 139 | 285 | 305 | 341 | 372 |
| PBT | -288 | 384 | 1650 | 2301 | 1856 | 2387 | 2930 | 3586 |
| EO expense | 0 | 93 | 0 | 0 | 0 | 0 | 0 | 0 |
| PBT after EO | -288 | 291 | 1650 | 2301 | 1856 | 2387 | 2930 | 3586 |
| Tax | -80 | 67 | 400 | 543 | 428 | 513 | 659 | 825 |
| Rate (%) | 27.6 | 23.2 | 24.2 | 23.6 | 23.0 | 21.5 | 22.5 | 23.0 |
| Reported PAT | -209 | 223 | 1251 | 1758 | 1428 | 1873 | 2270 | 2761 |
| Minority and Associates | | | | | | | | |
| Adjusted PAT | -209 | 295 | 1251 | 1758 | 1428 | 1873 | 2270 | 2761 |
| Change (%) | -168.4 | -241.2 | 324.7 | 40.5 | -18.8 | 31.2 | 21.2 | 21.6 |

| 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 | 11,118 | 13,156 | 15,634 |
| Net Worth | 2,833 | 3,013 | 4,257 | 8,235 | 9,535 | 11,216 | 13,253 | 15,732 |
| 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 | 12,738 | 15,125 | 17,953 |
| Gross Block | 538 | 834 | 1,487 | 1,981 | 3,411 | 4,136 | 4,739 | 5,302 |
| Less: Accum. Deprn. | 166 | 300 | 417 | 591 | 802 | 1,236 | 1,708 | 2,229 |
| Net Fixed Assets | 372 | 534 | 1,070 | 1,390 | 2,609 | 2,900 | 3,031 | 3,073 |
| Capital WIP | 1 | 197 | - | 10 | 124 | 124 | 124 | 124 |
| Other Non-Current Assets | 684 | 533 | 927 | 1,744 | 1,700 | 1,896 | 2,016 | 2,088 |
| Current Assets | 2,847 | 3,355 | 5,447 | 8,235 | 8,682 | 10,212 | 12,717 | 15,859 |
| Inventory | 1,140 | 1,461 | 2,664 | 2,694 | 3,504 | 3,643 | 3,855 | 4,048 |
| Account Receivables | 906 | 1,146 | 1,693 | 1,654 | 2,429 | 2,349 | 2,605 | 2,884 |
| Cash and Cash Equivalent | 655 | 592 | 865 | 2,184 | 2,250 | 3,722 | 5,759 | 8,429 |
| Cash | 44 | 22 | 29 | 390 | 116 | 1,587 | 3,624 | 6,295 |
| 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 | 2,395 | 2,763 | 3,190 |
| Account Payables | 700 | 1,001 | 1,665 | 1,522 | 2,000 | 2,027 | 2,341 | 2,703 |
| Provisions & Others | 113 | 118 | 164 | 223 | 409 | 367 | 422 | 487 |
| Net Current Assets | 2,034 | 2,236 | 3,618 | 6,490 | 6,273 | 7,817 | 9,954 | 12,669 |
| Application of Funds | 3,091 | 3,499 | 5,615 | 9,634 | 10,707 | 12,738 | 15,125 | 17,953 |

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 | 38.3 | 46.4 | 56.5 |
| Growth (%) | -168.4 | -241.2 | 326.0 | 36.7 | -19.0 | 31.2 | 21.2 | 21.6 |
| Cash EPS | -0.1 | 10.4 | 33.4 | 46.7 | 41.3 | 52.4 | 62.9 | 74.9 |
| Book Value Per Share | 59.6 | 63.3 | 89.8 | 168.9 | 195.0 | 229.4 | 271.1 | 321.8 |
| DPS | 0.0 | 0.8 | 3.5 | 5.5 | 1.5 | 3.9 | 4.8 | 5.8 |
| Payout (incl. Div. Tax.) | 0.0 | 12.9 | 13.3 | 15.3 | 5.1 | 10.3 | 10.3 | 10.3 |
| Valuation (x) | | | | | | | | |
| P/E | -487.6 | 345.3 | 81.1 | 59.3 | 73.2 | 55.8 | 46.0 | 37.9 |
| Cash P/E | -23519.6 | 206.1 | 64.0 | 45.8 | 51.8 | 40.8 | 34.0 | 28.6 |
| P/BV | 35.9 | 33.8 | 23.8 | 12.7 | 11.0 | 9.3 | 7.9 | 6.6 |
| EV/EBITDA | -1710.3 | 184.2 | 51.8 | 37.3 | 46.0 | 35.9 | 29.0 | 23.5 |
| EV/Sales | 30.9 | 14.4 | 8.4 | 6.7 | 5.8 | 4.9 | 4.2 | 3.5 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.2 | 0.3 | 0.1 | 0.2 | 0.2 | 0.3 |
| Profitability Ratios (%) | | | | | | | | |
| RoE | -8.0 | 10.1 | 34.4 | 28.1 | 16.1 | 18.1 | 18.6 | 19.1 |
| RoCE (post-tax) | -5.6 | 8.7 | 27.1 | 22.5 | 12.1 | 14.1 | 14.4 | 14.9 |
| RoIC (post-tax) | -8.1 | 13.8 | 41.3 | 36.2 | 20.7 | 24.9 | 29.0 | 34.8 |
| Turnover Ratios | | | | | | | | |
| Asset Turnover (x) | 1.1 | 2.0 | 2.2 | 1.6 | 1.7 | 1.6 | 1.6 | 1.6 |
| Inventory (Days) | 127 | 76 | 80 | 63 | 72 | 64 | 58 | 53 |
| Debtor (Days) | 101 | 59 | 51 | 39 | 50 | 41 | 39 | 37 |
| Payable (Days) | 78 | 52 | 50 | 36 | 41 | 36 | 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 | 2,852 | 3,468 | 4,186 |
| WC | 1,078 | -452 | -1,171 | -128 | -1,332 | -72 | -100 | -44 |
| Others | 87 | 83 | 70 | 74 | 50 | - | - | - |
| Direct taxes (net) | 12 | -26 | -361 | -552 | -395 | -513 | -659 | -825 |
| CF from Op. Activity | 1,118 | 156 | 506 | 2,169 | 573 | 2,266 | 2,708 | 3,317 |
| Capex | -83 | -440 | -503 | -1,112 | -1,454 | -725 | -603 | -563 |
| FCFF | 1,035 | -284 | 3 | 1,057 | -881 | 1,542 | 2,105 | 2,755 |
| Interest income | 1 | 63 | 47 | 75 | 197 | 305 | 341 | 372 |
| Others | -894 | 341 | -239 | -2,416 | 1,160 | -450 | -450 | -450 |
| CF from Inv. Activity | -976 | -37 | -695 | -3,453 | -97 | -870 | -712 | -641 |
| Share capital | 749 | -1 | 3 | 8 | 6 | - | - | - |
| Borrowings | -719 | 13 | 494 | 2,104 | -216 | - | - | - |
| Finance cost | -58 | -50 | -79 | -95 | -89 | -82 | -76 | -73 |
| Dividend | - | - | -53 | -106 | -146 | -192 | -233 | -283 |
| Others | -76 | -103 | -168 | -266 | -306 | 350 | 350 | 350 |
| CF from Fin. Activity | -104 | -141 | 196 | 1,645 | -751 | 76 | 41 | -6 |
| (Inc)/Dec in Cash | 38 | -21 | 7 | 361 | -274 | 1,472 | 2,037 | 2,671 |
| Opening balance | 4 | 43 | 22 | 29 | 390 | 116 | 1,587 | 3,624 |
| Closing balance | 43 | 22 | 29 | 390 | 116 | 1,587 | 3,624 | 6,295 |

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

| 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 |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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