PL Capital
PRABHUDAS LILLADHER

Safari Industries (India) (SII IN)

Rating: HOLD | CMP: Rs1,836 | TP: Rs2,191

February 23, 2026

Visit Update

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Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	2,191		2,191	
Sales (Rs. m)	24,141	28,125	24,141	28,125
% Chng.	-	-		
EBITDA (Rs. m)	3,307	4,022	3,307	4,022
% Chng.	-	-		
EPS (Rs.)	43.8	54.8	43.8	54.8
% Chng.	-	-		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	17,716	20,612	24,141	28,125
EBITDA (Rs. m)	2,250	2,741	3,307	4,022
Margin (%)	*12.7*	*13.3*	*13.7*	*14.3*
PAT (Rs. m)	1,428	1,733	2,141	2,678
EPS (Rs.)	29.2	35.4	43.8	54.8
Gr. (%)	*(19.0)*	*21.4*	*23.5*	*25.1*
DPS (Rs.)	3.0	3.2	3.4	3.4
Yield (%)	*0.2*	*0.2*	*0.2*	*0.2*
RoE (%)	*16.1*	*16.8*	*17.7*	*18.7*
RoCE (%)	*16.2*	*17.6*	*18.8*	*20.0*
EV/Sales (x)	5.0	4.2	3.6	3.0
EV/EBITDA (x)	39.4	31.9	26.0	21.0
PE (x)	62.9	51.8	41.9	33.5
P/BV (x)	9.4	8.1	6.9	5.8

Key Data	**SAFA.BO | SII IN**
52-W High / Low	Rs.2,507 / Rs.1,670
Sensex / Nifty	82,815 / 25,571
Market Cap	Rs.90bn/ $ 989m
Shares Outstanding	49m
3M Avg. Daily Value	Rs.94.22m

Shareholding Pattern (%)

Promoter's	44.70
Foreign	12.32
Domestic Institution	26.56
Public & Others	16.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.8)	(8.9)	(15.0)
Relative	(7.5)	(9.9)	(22.3)

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Margin recovery key to re-rating

Quick Pointers:

- Production capacity at Jaipur to increase to 6.5 lac pieces per month.

We visited the production facility of SII IN at Jaipur and interacted with top management to get an update over the strategy aimed at tackling ongoing price war. The Jaipur plant has scaled rapidly (~85-90% utilization in 3QFY26) and SII IN plans to increase the capacity from 5 lac pieces per month to 6.5 lac pieces per month. Onsite survey indicates strong backward integration capabilities as wheels are now manufactured in-house while trolleys and handles are outsourced to an exclusive 3rd party vendor. Nonetheless, benefits of backward integration are not evident given stiff pricing environment. We maintain our estimates and expect top-line CAGR of 17% over the next 3 years with EBITDA margin of 13.3%/13.7%/14.3% in FY26E/FY27E/FY28E. Despite recent correction in stock price, we would avoid bottom-fishing at CMP and await tangible recovery in margin profile before turning constructive. Retain HOLD on stock with a TP of Rs2,191 (40x FY28E EPS) as we do not rule out downside risk to our margin estimates.

Production capacity at Jaipur to increase by 30%: The plant at Jaipur is spread over 15 acres and current capacity is 5 lac pieces per month. The plan is to increase the capacity to 6.5 lac pieces per month by incurring an additional capex of Rs200mn. The Jaipur plant is also eligible for a 1.2% turn-over linked incentive for 10 years (accrual has not yet begun), full reimbursement of stamp duty (amount already recovered) and electricity duty exemption for 10 years. Indigenous manufacturing and subsidy benefit lends cost effectiveness enabling SII IN to compete better with new age brands.

Strategy on "Carlton" yet to be unveiled: SII IN has entered into a licensing agreement with Carlton Retail Pvt Ltd for usage of brand "Carlton" under class 18 for certain products including luggage. The agreement is for 20 years, and the license fee payable is 5% of revenue. Out of interest free deposit of ~Rs995mn that was to be paid in tranches, Rs500mn has been paid. However, SII IN is still contemplating over brand positioning and price point of Carlton. Nonetheless, given Carlton is an age-old brand, we expect sharp up-tick in revenues once licensing begins.

Enabling resolution taken to raise Rs5bn: SII IN has taken an enabling resolution to raise an amount not exceeding Rs5bn to evaluate organic/inorganic opportunities. We believe organic expansion, if any, arising from the fund raise, may happen in South/East as it can result in freight cost savings given SII IN already has plants in West (Halol) and North (Jaipur).

Outlook & valuation: We expect top-line CAGR of 17% over the next 3 years with EBITDA margin of 13.3%/13.7%/14.3% in FY26E/FY27E/FY28E. SII IN trades at 42x/34x our FY27E/FY28E EPS estimates and we maintain HOLD on the stock with a TP of Rs 2,191 (40x FY28E EPS; no change in target multiple).

Key highlights from the management meeting: 1) There are 700 people employed at Jaipur (100-150 people are on roll and balance is contractual labor). **2)** SII IN has started manufacturing Safari Select (premium brand) at Halol. **3)** Monthly power savings due to installation of solar panels at Jaipur is ~Rs1.4-1.5mn. **4)** In Jan-26, capacity utilization at Jaipur was 83%. **5)** The injection moulding team operates in 3 shifts while assembly team operates in 1 shift. Most employees in the assembly team were women. **6)** Mould for PP/PC costs Rs10mn/Rs5lac respectively. **7)** Injection moulding process is required to make PP luggage while extrusion process is required to make PC luggage. **8)** PP/PC breakdown is 70%/30%. PC is a premium material than PP. **9)** Backward integration of wheels, trolley and handles has begun. Wheels are manufactured at Jaipur plant while trolleys and handles are outsourced to an exclusive 3rd party vendor. **10)** Typical margin differential between in-house manufacturing and outsourcing is ~10-15%. **11)** Channel mix breakdown (top-3) is as follows:- E-com is ~40-50%, GT is ~15-20%, MT is ~15-20%.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**17,716**	**20,612**	**24,141**	**28,125**
YoY gr. (%)	*14.3*	*16.4*	*17.1*	*16.5*
Cost of Goods Sold	9,624	11,028	12,795	14,850
Gross Profit	8,092	9,585	11,346	13,275
Margin (%)	*45.7*	*46.5*	*47.0*	*47.2*
Employee Cost	1,190	1,443	1,569	1,688
Other Expenses	4,652	5,400	6,470	7,566
EBITDA	**2,250**	**2,741**	**3,307**	**4,022**
YoY gr. (%)	*(18.9)*	*21.8*	*20.6*	*21.6*
Margin (%)	*12.7*	*13.3*	*13.7*	*14.3*
Depreciation and Amortization	591	701	773	844
EBIT	**1,659**	**2,041**	**2,535**	**3,178**
Margin (%)	*9.4*	*9.9*	*10.5*	*11.3*
Net Interest	88	87	80	76
Other Income	285	268	362	422
Profit Before Tax	**1,856**	**2,222**	**2,817**	**3,524**
Margin (%)	*10.5*	*10.8*	*11.7*	*12.5*
Total Tax	428	489	676	846
Effective tax rate (%)	*23.0*	*22.0*	*24.0*	*24.0*
Profit after tax	**1,428**	**1,733**	**2,141**	**2,678**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,428**	**1,733**	**2,141**	**2,678**
YoY gr. (%)	*(18.8)*	*21.4*	*23.5*	*25.1*
Margin (%)	*8.1*	*8.4*	*8.9*	*9.5*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,428**	**1,733**	**2,141**	**2,678**
YoY gr. (%)	*(18.8)*	*21.4*	*23.5*	*25.1*
Margin (%)	*8.1*	*8.4*	*8.9*	*9.5*
Other Comprehensive Income	(14)	(11)	-	-
Total Comprehensive Income	1,414	1,722	2,141	2,678
Equity Shares O/s (m)	**49**	**49**	**49**	**49**
EPS (Rs)	**29.2**	**35.4**	**43.8**	**54.8**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**5,579**	**6,358**	**7,220**	**8,216**
Tangibles	5,491	6,265	7,122	8,113
Intangibles	88	93	98	103
Acc: Dep / Amortization	**1,443**	**2,144**	**2,917**	**3,760**
Tangibles	1,367	2,068	2,840	3,684
Intangibles	76	76	76	76
Net fixed assets	**4,136**	**4,214**	**4,303**	**4,455**
Tangibles	4,124	4,198	4,282	4,429
Intangibles	11	16	21	26
Capital Work In Progress	124	21	24	28
Goodwill	-	-	-	-
Non-Current Investments	133	124	145	169
Net Deferred tax assets	48	71	85	101
Other Non-Current Assets	41	103	121	141
Current Assets				
Investments	32	32	32	32
Inventories	3,504	3,840	4,365	5,086
Trade receivables	2,429	2,541	2,976	3,545
Cash & Bank Balance	2,250	3,767	5,204	6,810
Other Current Assets	404	309	241	281
Total Assets	**13,192**	**15,095**	**17,581**	**20,743**
Equity				
Equity Share Capital	98	98	98	98
Other Equity	9,437	11,003	12,977	15,489
Total Networth	**9,535**	**11,100**	**13,075**	**15,587**
Non-Current Liabilities				
Long Term borrowings	868	937	1,013	1,098
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	380	419	465	517
Trade payables	2,000	2,315	2,712	3,159
Other current liabilities	380	311	304	368
Total Equity & Liabilities	**13,192**	**15,095**	**17,581**	**20,742**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,856	2,222	2,817	3,524
Add. Depreciation	591	701	773	844
Add. Interest	88	87	80	76
Less Financial Other Income	285	268	362	422
Add. Other	(235)	-	-	-
Op. profit before WC changes	2,300	3,009	3,669	4,444
Net Changes-WC	(1,332)	(91)	(480)	(861)
Direct tax	(395)	(516)	(676)	(845)
Net cash from Op. activities	**573**	**2,403**	**2,513**	**2,737**
Capital expenditures	(1,454)	(474)	(507)	(591)
Interest / Dividend Income	197	-	-	-
Others	1,160	(221)	(401)	(457)
Net Cash from Invt. activities	**(97)**	**(695)**	**(908)**	**(1,047)**
Issue of share cap. / premium	6	-	-	-
Debt changes	(216)	(10)	(10)	(10)
Dividend paid	(146)	(156)	(166)	(166)
Interest paid	(89)	(87)	(80)	(76)
Others	(306)	63	88	167
Net cash from Fin. activities	**(751)**	**(191)**	**(168)**	**(85)**
Net change in cash	**(274)**	**1,517**	**1,437**	**1,605**
Free Cash Flow	(881)	1,929	2,006	2,147

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	29.2	35.4	43.8	54.8
CEPS	41.3	49.8	59.6	72.0
BVPS	195.0	227.0	267.4	318.8
FCF	(18.0)	39.4	41.0	43.9
DPS	3.0	3.2	3.4	3.4
Return Ratio(%)				
RoCE	16.2	17.6	18.8	20.0
ROIC	17.1	18.2	18.8	19.4
RoE	16.1	16.8	17.7	18.7
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.3)	(0.3)
Net Working Capital (Days)	81	72	70	71
Valuation(x)				
PER	62.9	51.8	41.9	33.5
P/B	9.4	8.1	6.9	5.8
P/CEPS	44.5	36.9	30.8	25.5
EV/EBITDA	39.4	31.9	26.0	21.0
EV/Sales	5.0	4.2	3.6	3.0
Dividend Yield (%)	0.2	0.2	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	**4,211**	**5,278**	**5,336**	**5,124**
YoY gr. (%)	*15.2*	*17.3*	*16.5*	*15.7*
Raw Material Expenses	2,139	2,862	2,825	2,742
Gross Profit	2,072	2,416	2,511	2,382
Margin (%)	*49.2*	*45.8*	*47.1*	*46.5*
EBITDA	**609**	**793**	**740**	**557**
YoY gr. (%)	*(9.0)*	*20.4*	*54.6*	*10.5*
Margin (%)	*14.5*	*15.0*	*13.9*	*10.9*
Depreciation / Depletion	154	174	176	177
EBIT	**454**	**618**	**565**	**379**
Margin (%)	*10.8*	*11.7*	*10.6*	*7.4*
Net Interest	20	22	21	23
Other Income	60	58	58	61
Profit before Tax	**494**	**654**	**601**	**417**
Margin (%)	*11.7*	*12.4*	*11.3*	*8.1*
Total Tax	118	150	132	89
Effective tax rate (%)	*24.0*	*22.8*	*21.9*	*21.2*
Profit after Tax	**376**	**505**	**469**	**329**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**376**	**505**	**469**	**329**
YoY gr. (%)	*(13.0)*	*13.7*	*58.3*	*5.6*
Margin (%)	*8.9*	*9.6*	*8.8*	*6.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**376**	**505**	**469**	**329**
YoY gr. (%)	*(13.0)*	*13.7*	*58.3*	*5.6*
Margin (%)	*8.9*	*9.6*	*8.8*	*6.4*
Other Comprehensive Income	(7)	(4)	(4)	(3)
Total Comprehensive Income	**369**	**501**	**465**	**326**
Avg. Shares O/s (m)	49	49	49	49
EPS (Rs)	**7.7**	**10.3**	**9.6**	**6.7**

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Feb-26	Hold	2,191	2,144
2	09-Jan-26	BUY	2,570	2,119
3	11-Nov-25	BUY	2,570	2,099
4	07-Oct-25	BUY	2,583	2,191
5	02-Aug-25	BUY	2,434	2,101
6	09-Jul-25	BUY	2,386	2,230
7	06-May-25	BUY	2,437	1,960
8	09-Apr-25	BUY	2,557	1,989

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	206	126
2	Chalet Hotels	BUY	1,089	896
3	Delhivery	BUY	516	423
4	DOMS Industries	BUY	3,084	2,356
5	Imagicaaworld Entertainment	BUY	70	48
6	Indian Railway Catering and Tourism Corporation	BUY	850	618
7	InterGlobe Aviation	Hold	5,186	4,909
8	Lemon Tree Hotels	BUY	165	133
9	Mahindra Logistics	BUY	407	340
10	Navneet Education	Reduce	119	156
11	Nazara Technologies	Hold	276	279
12	PVR Inox	BUY	1,274	987
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	Hold	2,191	2,144
15	Samhi Hotels	BUY	290	169
16	TCI Express	BUY	694	537
17	V.I.P. Industries	Reduce	352	390
18	Zee Entertainment Enterprises	BUY	133	85

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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