

August 2, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,434		2,386	
Sales (Rs. m)	20,612	24,380	20,612	24,553
% Chng.	-	(0.7)		
EBITDA (Rs. m)	3,051	3,828	3,195	3,904
% Chng.	(4.5)	(2.0)		
EPS (Rs.)	40.9	51.8	43.4	53.0
% Chng.	(5.8)	(2.3)		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	15,504	17,716	20,612	24,380
EBITDA (Rs. m)	2,775	2,250	3,051	3,828
Margin (%)	17.9	12.7	14.8	15.7
PAT (Rs. m)	1,758	1,428	2,000	2,533
EPS (Rs.)	36.1	29.2	40.9	51.8
Gr. (%)	(31.6)	(19.0)	40.0	26.7
DPS (Rs.)	2.8	3.0	3.2	3.4
Yield (%)	0.1	0.1	0.2	0.2
RoE (%)	28.1	16.1	19.1	20.2
RoCE (%)	29.4	16.2	20.2	21.8
EV/Sales (x)	6.5	5.7	4.8	4.0
EV/EBITDA (x)	36.1	45.2	32.7	25.6
PE (x)	58.3	71.9	51.4	40.6
P/BV (x)	12.4	10.8	9.0	7.5

### Key Data

SAFA.BO | SII IN

52-W High / Low	Rs.2,837 / Rs.1,670
Sensex / Nifty	80,600 / 24,565
Market Cap	Rs.103bn / \$ 1,173m
Shares Outstanding	49m
3M Avg. Daily Value	Rs.79.31m

### Shareholding Pattern (%)

Promoter's	45.41
Foreign	13.05
Domestic Institution	24.68
Public & Others	16.86
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(4.3)	(14.3)	(0.2)
Relative	(0.6)	(17.6)	1.3

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## Back on growth path

### Quick Pointers:

- Volumes increased by 17%.
- EBITDA/PAT report growth on YoY basis after 4 quarters.

**SII IN reported better than expected results with revenue/EBITDA beat of 3.8%/8.3% respectively. After multiple quarters, volume growth was at par with value growth indicating price wars have stabilized. We expect irrational pricing environment to end soon amid change of guard at top-level within peer set. This is expected to bode well for SII IN as price support to e-com channel partners would come down and tangible benefits of margin expansion resulting from improving utilization at Jaipur would be visible. Additional margin kicker is expected from plans to manufacture trolley and wheels at Jaipur (currently outsourced) by incurring a capex of Rs250mn. We expect sales CAGR of 17.3% with an EBITDA margin expansion of 300bps over FY25-FY27E. Retain BUY on the stock with a TP of Rs2,434 as we increase our target multiple to 47x FY27E EPS (earlier 45x) amid early signs of stabilization in price wars.**

**Revenue increased 17.3% YoY:** Top-line increased 17.3% YoY to Rs5,278mn (PLe Rs5,085mn). Volumes were up 17% YoY. Luggage/backpacks contributed ~82%/~18% to the top-line.

**GM stood at 45.8%:** Gross profit increased 20.7% YoY to Rs2,416mn (PLe Rs2,365mn) with a margin of 45.8% (PLe 46.5%). GM declined 340bps on a sequential basis due to higher share of premium brands and backpacks that command lower margins as these are traded goods.

**EBITDA/PAT margin stands at 15.0%/9.6%:** EBITDA increased 20.4% YoY to Rs793mn (PLe Rs732mn) with a margin of 15.0% (PLe 14.4%). PAT increased 13.7% YoY to Rs505mn (PLe Rs474mn) with a margin of 9.6% (PLe 9.3%) as compared to a margin of 9.9% in 1QFY25.

**Key highlights from our interaction with the management:** **1)** HL:SL mix for 1QFY26 stood at 70%:30%. **2)** E-com growth was flat in 1QFY26. **3)** A&P expense stood at ~7.0% of revenue in 1QFY26 (~5.5% in 1QFY25) driven by higher spends towards premium brands (Urban Jungle & Safari Select). In FY26E, A&P expense is expected to form ~7.0% of revenue. **4)** Inventory days declined in 1QFY26 supported by liquidation of Urban Jungle & Safari Select. **5)** Safari plans to incur ancillary capex of Rs250mn towards manufacturing of trolley and wheels at Jaipur (currently outsourced). Backward integration is expected to aid EBITDA margins post commissioning in 2HFY26E. **6)** Capacity utilization at Jaipur stood at 50%. **7)** Urban Jungle and Safari Select contributed ~5% to the top-line in 1QFY26.



**Exhibit 1: Q1FY26 Result Overview - Consolidated (Rs mn)**

Y/e March	1QFY26	1QFY25	YoY gr.	4QFY25	QoQ gr.	1QFY26E	% Var.	FY26E	FY25	YoY gr.
<b>Net sales</b>	<b>5,278</b>	<b>4,500</b>	<b>17.3%</b>	<b>4,211</b>	<b>25.4%</b>	<b>5,085</b>	<b>3.8%</b>	<b>20,612</b>	<b>17,716</b>	<b>16.4%</b>
Total raw material cost	2,862	2,498	14.6%	2,139	33.9%	2,721	5.2%	11,028	9,624	14.6%
As a % of sales	54.2%	55.5%		50.8%		53.5%		53.5%	54.3%	
<b>Gross Profit</b>	<b>2,416</b>	<b>2,002</b>	<b>20.7%</b>	<b>2,072</b>	<b>16.6%</b>	<b>2,365</b>	<b>2.2%</b>	<b>9,585</b>	<b>8,092</b>	<b>18.4%</b>
Gross margin	45.8%	44.5%		49.2%		46.5%		46.5%	45.7%	
Employee expenses	313	266	17.7%	314	-0.1%	336	-6.7%	1,278	1,190	7.4%
As a % of sales	5.9%	5.9%		7.4%		6.6%		6.2%	6.7%	
Other expenses	1,310	1,078	21.6%	1,150	13.9%	1,297	1.0%	5,256	4,652	13.0%
As a % of sales	24.8%	23.9%		27.3%		25.5%		25.5%	26.3%	
<b>EBITDA</b>	<b>793</b>	<b>659</b>	<b>20.4%</b>	<b>609</b>	<b>30.3%</b>	<b>732</b>	<b>8.3%</b>	<b>3,051</b>	<b>2,250</b>	<b>35.6%</b>
EBITDA margin	15.0%	14.6%		14.5%		14.4%		14.8%	12.7%	
Depreciation	174	142	22.6%	154	13.1%	173	0.9%	680	591	15.2%
<b>EBIT</b>	<b>618</b>	<b>516</b>	<b>19.8%</b>	<b>454</b>	<b>36.1%</b>	<b>559</b>	<b>10.6%</b>	<b>2,370</b>	<b>1,659</b>	<b>42.8%</b>
EBIT margin	11.7%	11.5%		10.8%		11.0%		11.5%	9.4%	
Interest cost	22	24	-6.4%	20	8.4%	18	23.6%	82	88	-6.7%
Other income	58	82	-29.4%	60	-3.8%	74	-21.3%	309	285	8.6%
<b>PBT</b>	<b>654</b>	<b>575</b>	<b>13.8%</b>	<b>494</b>	<b>32.4%</b>	<b>615</b>	<b>6.4%</b>	<b>2,597</b>	<b>1,856</b>	<b>40.0%</b>
Exceptional items	-	-	NM	-	NM	-	NM	-	-	NM
Tax expenses	150	131	14.1%	118	26.3%	142	5.6%	597	428	39.7%
Tax rate	22.8%	22.8%		24.0%		23.0%		23.0%	23.0%	
<b>PAT</b>	<b>505</b>	<b>444</b>	<b>13.7%</b>	<b>376</b>	<b>34.3%</b>	<b>474</b>	<b>6.6%</b>	<b>2,000</b>	<b>1,428</b>	<b>40.0%</b>
PAT margin	9.6%	9.9%		8.9%		9.3%		9.7%	8.1%	
<b>EPS (Rs)</b>	<b>10.3</b>	<b>9.1</b>	<b>13.4%</b>	<b>7.7</b>	<b>34.3%</b>	<b>9.7</b>	<b>6.6%</b>	<b>40.9</b>	<b>29.2</b>	<b>39.9%</b>

Source: Company, PL

**Exhibit 2: Gross & EBITDA margin trend over the last few quarters**

Particulars	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Gross margin	38.4%	38.6%	45.1%	47.9%	45.1%	45.5%	48.0%	50.6%	44.5%	43.8%	45.4%	49.2%	45.8%
EBITDA margin	14.2%	13.4%	18.1%	19.3%	18.5%	17.2%	17.6%	18.3%	14.6%	10.5%	11.4%	14.5%	15.0%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>15,504</b>	<b>17,716</b>	<b>20,612</b>	<b>24,380</b>
YoY gr. (%)	27.9	14.3	16.4	18.3
Cost of Goods Sold	8,182	9,624	11,028	12,921
Gross Profit	7,322	8,092	9,585	11,459
Margin (%)	47.2	45.7	46.5	47.0
Employee Cost	976	1,190	1,278	1,414
Other Expenses	3,571	4,652	5,256	6,217
<b>EBITDA</b>	<b>2,775</b>	<b>2,250</b>	<b>3,051</b>	<b>3,828</b>
YoY gr. (%)	41.0	(18.9)	35.6	25.5
Margin (%)	17.9	12.7	14.8	15.7
Depreciation and Amortization	518	591	680	780
<b>EBIT</b>	<b>2,257</b>	<b>1,659</b>	<b>2,370</b>	<b>3,048</b>
Margin (%)	14.6	9.4	11.5	12.5
Net Interest	95	88	82	80
Other Income	139	285	309	366
<b>Profit Before Tax</b>	<b>2,301</b>	<b>1,856</b>	<b>2,597</b>	<b>3,333</b>
Margin (%)	14.8	10.5	12.6	13.7
Total Tax	543	428	597	800
Effective tax rate (%)	23.6	23.0	23.0	24.0
<b>Profit after tax</b>	<b>1,758</b>	<b>1,428</b>	<b>2,000</b>	<b>2,533</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>1,758</b>	<b>1,428</b>	<b>2,000</b>	<b>2,533</b>
YoY gr. (%)	40.5	(18.8)	40.0	26.7
Margin (%)	11.3	8.1	9.7	10.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,758</b>	<b>1,428</b>	<b>2,000</b>	<b>2,533</b>
YoY gr. (%)	40.5	(18.8)	40.0	26.7
Margin (%)	11.3	8.1	9.7	10.4
Other Comprehensive Income	(11)	(14)	-	-
Total Comprehensive Income	1,747	1,414	2,000	2,533
<b>Equity Shares O/s (m)</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>
<b>EPS (Rs)</b>	<b>36.1</b>	<b>29.2</b>	<b>40.9</b>	<b>51.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>4,041</b>	<b>5,579</b>	<b>6,337</b>	<b>7,031</b>
Tangibles	3,957	5,491	6,245	6,934
Intangibles	85	88	93	98
<b>Acc: Dep / Amortization</b>	<b>1,112</b>	<b>1,443</b>	<b>2,124</b>	<b>2,904</b>
Tangibles	1,039	1,367	2,047	2,827
Intangibles	73	76	76	76
<b>Net fixed assets</b>	<b>2,930</b>	<b>4,136</b>	<b>4,214</b>	<b>4,128</b>
Tangibles	2,918	4,124	4,198	4,106
Intangibles	12	11	16	21
Capital Work In Progress	10	124	21	24
Goodwill	-	-	-	-
Non-Current Investments	121	133	124	146
Net Deferred tax assets	51	48	71	86
Other Non-Current Assets	83	41	103	122
<b>Current Assets</b>				
Investments	1,490	32	32	32
Inventories	2,694	3,504	3,840	4,342
Trade receivables	1,654	2,429	2,541	3,006
Cash & Bank Balance	2,184	2,250	4,158	6,200
Other Current Assets	157	404	309	244
<b>Total Assets</b>	<b>11,442</b>	<b>13,192</b>	<b>15,486</b>	<b>18,414</b>
<b>Equity</b>				
Equity Share Capital	98	98	98	98
Other Equity	8,137	9,437	11,280	13,647
<b>Total Network</b>	<b>8,235</b>	<b>9,535</b>	<b>11,378</b>	<b>13,745</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	884	868	937	1,013
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	579	380	419	465
Trade payables	1,522	2,000	2,428	2,872
Other current liabilities	211	380	311	307
<b>Total Equity &amp; Liabilities</b>	<b>11,442</b>	<b>13,192</b>	<b>15,486</b>	<b>18,414</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,301	1,856	2,597	3,333
Add. Depreciation	518	591	680	780
Add. Interest	95	88	82	80
Less Financial Other Income	139	285	309	366
Add. Other	(65)	(235)	-	-
Op. profit before WC changes	2,849	2,300	3,360	4,193
Net Changes-WC	(128)	(1,332)	33	(441)
Direct tax	(552)	(395)	(624)	(799)
<b>Net cash from Op. activities</b>	<b>2,169</b>	<b>573</b>	<b>2,769</b>	<b>2,953</b>
Capital expenditures	(1,112)	(1,454)	(453)	(439)
Interest / Dividend Income	75	197	-	-
Others	(2,416)	1,160	(221)	(304)
<b>Net Cash from Invt. activities</b>	<b>(3,453)</b>	<b>(97)</b>	<b>(675)</b>	<b>(743)</b>
Issue of share cap. / premium	8	6	-	-
Debt changes	(186)	(216)	(10)	(10)
Dividend paid	(106)	(146)	(156)	(166)
Interest paid	(95)	(89)	(82)	(80)
Others	2,024	(306)	63	89
<b>Net cash from Fin. activities</b>	<b>1,645</b>	<b>(751)</b>	<b>(186)</b>	<b>(168)</b>
<b>Net change in cash</b>	<b>361</b>	<b>(274)</b>	<b>1,908</b>	<b>2,043</b>
Free Cash Flow	1,057	(881)	2,315	2,514

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	36.1	29.2	40.9	51.8
CEPS	46.7	41.3	54.8	67.8
BVPS	168.9	195.0	232.7	281.1
FCF	21.7	(18.0)	47.3	51.4
DPS	2.8	3.0	3.2	3.4
<b>Return Ratio(%)</b>				
RoCE	29.4	16.2	20.2	21.8
ROIC	24.3	17.1	19.7	20.8
RoE	28.1	16.1	19.1	20.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	67	81	70	67
<b>Valuation(x)</b>				
PER	58.3	71.9	51.4	40.6
P/B	12.4	10.8	9.0	7.5
P/CEPS	45.0	50.9	38.3	31.0
EV/EBITDA	36.1	45.2	32.7	25.6
EV/Sales	6.5	5.7	4.8	4.0
Dividend Yield (%)	0.1	0.1	0.2	0.2

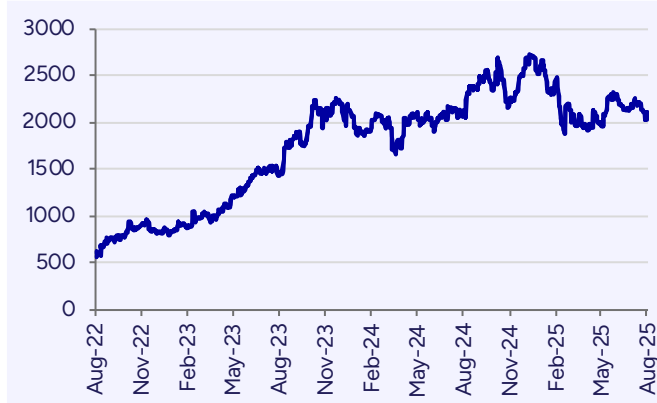
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<b>Net Revenue</b>	<b>4,578</b>	<b>4,427</b>	<b>4,211</b>	<b>5,278</b>
YoY gr. (%)	23.7	14.0	15.2	17.3
Raw Material Expenses	2,571	2,416	2,139	2,862
Gross Profit	2,007	2,011	2,072	2,416
Margin (%)	43.8	45.4	49.2	45.8
<b>EBITDA</b>	<b>479</b>	<b>504</b>	<b>609</b>	<b>793</b>
YoY gr. (%)	(24.5)	(26.1)	(9.0)	20.4
Margin (%)	10.5	11.4	14.5	15.0
Depreciation / Depletion	147	147	154	174
<b>EBIT</b>	<b>332</b>	<b>357</b>	<b>454</b>	<b>618</b>
Margin (%)	7.3	8.1	10.8	11.7
Net Interest	24	20	20	22
Other Income	71	72	60	58
<b>Profit before Tax</b>	<b>378</b>	<b>408</b>	<b>494</b>	<b>654</b>
Margin (%)	8.3	9.2	11.7	12.4
Total Tax	82	97	118	150
Effective tax rate (%)	21.6	23.7	24.0	22.8
<b>Profit after Tax</b>	<b>297</b>	<b>311</b>	<b>376</b>	<b>505</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>297</b>	<b>311</b>	<b>376</b>	<b>505</b>
YoY gr. (%)	(25.4)	(27.4)	(13.0)	13.7
Margin (%)	6.5	7.0	8.9	9.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>297</b>	<b>311</b>	<b>376</b>	<b>505</b>
YoY gr. (%)	(25.4)	(27.4)	(13.0)	13.7
Margin (%)	6.5	7.0	8.9	9.6
Other Comprehensive Income	(3)	(3)	(7)	(4)
<b>Total Comprehensive Income</b>	<b>294</b>	<b>309</b>	<b>369</b>	<b>501</b>
Avg. Shares O/s (m)	49	49	49	49
<b>EPS (Rs)</b>	<b>6.1</b>	<b>6.4</b>	<b>7.7</b>	<b>10.3</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	BUY	2,386	2,230
2	06-May-25	BUY	2,437	1,960
3	09-Apr-25	BUY	2,557	1,989
4	05-Feb-25	BUY	2,783	2,383
5	09-Jan-25	BUY	2,939	2,560
6	10-Nov-24	BUY	2,989	2,235
7	09-Oct-24	BUY	3,005	2,608
8	07-Aug-24	BUY	2,476	2,237

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,130	859
2	Delhivery	BUY	444	410
3	DOMS Industries	BUY	3,087	2,456
4	Imagicaaworld Entertainment	BUY	93	66
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	175	147
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	145	143
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,045	972
12	S Chand and Company	BUY	286	229
13	Safari Industries (India)	BUY	2,386	2,230
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	UR	-	422
17	Zee Entertainment Enterprises	BUY	177	134

**PL's Recommendation Nomenclature (Absolute Performance)**

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

## **ANALYST CERTIFICATION**

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We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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