

Can Safari be the "Indigo" of luggage industry?

Indigo is the undisputed leader of Indian skies with a market share of 64.5% during Jan-Oct 2025. Air India had a market share of 26.7% during the same period and is on a path of revival after being taken over by Tata's. Further, Akasa Air is a serious player (market share of 5.1% during Jan-Oct 2025) while SpiceJet has always found ways to stay afloat. Sensing it would be difficult to make further in-roads in domestic market, Indigo chose the path of premiumization (focusing on business class) and long haul (entry into international markets) quite early to stay ahead of the curve.

We believe Safari is in a similar position like Indigo where it will have to think ahead of time if it intends to be at a clear pole position in the luggage industry. First, let us have a look at the market share table below and then we will explain why Safari needs to get its act together now to emerge as a clear market leader.

Exhibit 1: Market share trend of the luggage players

Market share	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Samsonite	37.9%	35.1%	39.8%	28.7%	34.5%	27.5%	32.2%	27.6%	34.2%	33.1%
Safari	24.9%	26.2%	25.0%	29.5%	27.1%	33.1%	31.8%	33.3%	31.9%	38.0%
VIP	37.2%	38.7%	35.2%	41.7%	38.4%	39.4%	36.0%	39.1%	33.9%	28.9%

Source: Company, PL

Note: Indicative figures as only 3 players are used as a proxy to represent market (new age brands are excluded)

As can be seen, the market share of Safari has increased from 24.9% in 1QFY24 to 38.0% in 2QFY26. However, we believe, days of easy gains in market share are over as there has been a change of guard at VIP. Further, after registering de-growth in top-line for 6 quarters, Samsonite India finally reported an 8.5% YoY constant currency growth in 2QFY26, indicating early signs of revival. With the other two players pulling their socks, and growing prevalence of new age brands, Safari will have to think out of the box to emerge as a clear leader.

What strategies can Safari adopt to emerge as a distinct market leader?

Similar to Indigo, Safari, can opt for:-

- Premiumization
- Geographical diversification (Enter new markets)

In fact, Safari has already entered premium segment with brands like Urban Jungle and Safari Select. As of 2QFY26, both these brands contributed ~5% to the top-line. However, as these brands are self-incubated, they would take time to evolve as a preferred consumer choice. We thus believe acquisition can be the best option to scale quickly in the premium segment. There are a lot of new age D2C brands providing enough inorganic opportunity. Acquiring a well-established brand can shorten the journey of premiumization.

While acquisition could be a solution to premiumization, entry into new geography is a very difficult proposition. Some of the challenges and potential solutions are highlighted below:-

Exhibit 2: Potential challenges and solution of entering a new geography

Challenge	Solution	Example
Establishing brand presence in a new territory	Identify regions where the brand is well known and has Indian diaspora	Non-hostile neighbouring countries
Creating distribution network	It will be a time-consuming process and there is no direct solution	NA
Ensuring enough RM availability	Look for regions that are rich in PP, PC, nylon, and polyester	Gulf region
Infrastructure support & red-tapism	Look for regions with Free Trade Zone	All regions with dedicated FTZ

Source: PL

If Safari is able to crack the code of either premiumization or geographical diversification, it can emerge as a distinct market leader like Indigo. Stock market loves leaders and is willing to pay a considerable premium to DISTINCT leaders. Have a look at exhibits 3 and 4 below. We have highlighted the quantum of premium for distinct market leaders in certain sectors that we cover like hospitality and stationery. Aviation has been excluded as Spice Jet is thinly covered and comparison with Indigo may not give an accurate picture.

Exhibit 3: Market leader DOMS is trading at a substantial premium to Flair

Particulars	P/E multiple			Premium of DOMS		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
DOMS	63.9x	49.1x	38.4x	-	-	-
Flair	21.7x	17.4x	14.6x	194%	182%	163%

Source: Company, PL

Note: P/E for DOMS/Flair is based on PL/BB earnings estimates respectively

Exhibit 4: Market leader IHCL is trading at a substantial premium to hospitality peers

Particulars	EV/EBITDA multiple			Premium of IHCL		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
IHCL	31.3x	26.7x	23.5x	-	-	-
EIH	20.6x	18.2x	16.7x	52%	46%	41%
Chalet Hotels*	22.8x	19.8x	15.9x	38%	35%	48%
Lemon Tree Hotels*	26.4x	23.0x	20.1x	19%	16%	17%
Leela Hotels	20.5x	18.1x	14.8x	53%	48%	59%
ITC Hotels	25.2x	21.2x	18.4x	25%	26%	28%
Ventive Hospitality	17.9x	15.5x	13.7x	75%	73%	71%
Samhi Hotels*	12.2x	9.9x	7.8x	157%	169%	201%
Park Hotels*	12.7x	10.6x	8.3x	147%	151%	184%
Juniper Hotels	17.3x	14.3x	12.6x	81%	86%	87%
Brigade Hotels	13.6x	11.7x	9.3x	131%	129%	151%

Source: Company, PL

Notes:

1)*EV/EBITDA is based on PL earnings estimates. For the rest we have taken BB estimates.

2) Samhi's multiple is adjusted for minority interest in GIC platform

3) Lemon Tree's multiple is adjusted for minority interest in Fleur

Exhibit 5: Valuation gap between Safari & VIP is not as stark

Particulars	P/E multiple			Premium of Safari		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Safari	54.5x	43.2x	34.8x	-	-	-
VIP	NM*	42.9x	28.5x	NM	1%	22%

Source: Company, PL

Notes: *We expect VIP to report loss in FY26E and hence P/E is NM

As can be seen in exhibits 3 and 4, if the market leader is distinct (considerable lead over peer-set), the extent of premium over peer set is substantial. Further, as can be seen in exhibit 5, valuation differential between Safari and VIP is not substantial. If Safari manages to emerge as a DISTINCT leader, we believe the extent of premium over peer set can expand leading to a re-rating. We have a BUY on Safari with a TP of Rs2,570 (45x Sep-27E EPS) and a HOLD on VIP with a TP of Rs387 (38x Sep-27E EPS).

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apeejay Surrendra Park Hotels	BUY	235	143
2	Chalet Hotels	BUY	1,183	960
3	Delhivery	Accumulate	489	443
4	DOMS Industries	BUY	3,085	2,566
5	Imagicaaworld Entertainment	BUY	73	51
6	Indian Railway Catering and Tourism Corporation	BUY	840	710
7	InterGlobe Aviation	Hold	5,236	4,861
8	Lemon Tree Hotels	Hold	174	155
9	Mahindra Logistics	Accumulate	386	344
10	Navneet Education	Reduce	119	148
11	Nazara Technologies	Hold	253	274
12	PVR Inox	Hold	1,211	1,087
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,099
15	Samhi Hotels	BUY	305	202
16	TCI Express	Hold	705	634
17	V.I.P. Industries	Hold	387	398
18	Zee Entertainment Enterprises	BUY	161	109

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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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