



*NatureWings  
Holidays Ltd.*



## IPO Note

# Naturewings Holidays Limited

Recommendation: **NEUTRAL!**

### Company Background -

- Naturewings Holidays Limited was originally formed and incorporated on Dec 19, 2018. The registered office is located at Kolkata, West Bengal.
- The Company is mainly engaged in offering standard and curated holiday packages for travellers visiting the Himalayan Range covering India, Nepal and Bhutan and international destinations.
- They provide other services like foreign exchange and payment solutions.
- The company had 51 permanent employees as of March 31, 2024.

### Objects of the Issue -

- Funding of Working Capital Requirements
- Marketing and Business Promotions
- General Corporate Purposes

### Promoters Name -

Sandip Raha and Mousumi Raha

### Rationale for recommendation -

- ✓ The PE on post-annualized basis is 20.90 times making it fairly priced compared to its peer's PE of 40.49 times.
- ✓ The top line and bottom line have increased over the years and might be sustainable in the long run.
- ✓ The company has started providing international tour packages.
- ✓ The company has performed well compared to its peer.

### IPO Details

Opening Date	Sep 03, 2024
Closing Date	Sep 05, 2024
Allotment Date	Sep 06, 2024
Listing Date	Sep 10, 2024
Stock Exchange	BSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹74
Issue Size	7.03 Cr.
Fresh Issue	7.03 Cr.
Offer for Sale	-
Application Amt	₹ 1,18,400 (1,600 shares)

### INDUSTRY - Travel and Tourism

P/E Average - 40.49

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	412.54	1,170.47	2,181.18
EBITDA	25.30	94.69	160.29
Net Profit	19.89	65.08	111.92
RoCE	24.14%	49.59%	53.82%
ROE	22.44%	42.34%	42.13%
P/E	82.22	25.17	14.62

### Promoter Share Holding Pattern

Pre-Issue	Post Issue
95.80%	66.99%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	5.06	3.54
BVPS	12.02	30.66
P/E	14.62	20.90
P/BV	6.16	2.41
Mkt Cap (In Cr)	16.35	23.39

### Lead Managers -

**Fedex Securities Private Limited**

### Registrar -

**Bigshare Services Private Limited**

## Business Overview -

The company offers specialized and curated as well as standard holiday packages for travellers visiting the Himalayan destination across India, Nepal and Bhutan. They offer end to end travel solutions including land and air bookings, hotel bookings, in-transit arrangements, local sightseeing and such other destination management services. Also, they have started their international division from March 2022 which focuses on covering Southeast Asia, Africa and European Continent. They also offer VISA assistance service to customers who have booked international travel packages with them. Apart from these they offer travel related services like foreign exchange and payment solutions.

As of March 31, 2024, they have established their presence in more than 12 major cities across the India and have access to over 750 hotels across Bhutan, Nepal, North-East, Sikkim-Darjeeling and Kashmir Ladakh in the Himalayan Ranges and in various international destinations. The number of holiday packages managed increased from 967 in FY 2023 to 1,338 in FY 2024 which helped increase the top line.

The company offers their product and services through their website ([www.naturewings.com](http://www.naturewings.com)) and online booking platform ([online.naturewings.com](http://online.naturewings.com)) where all the necessary details about the packages are given and is supported by payment gateways. They have developed customizable portal for travel agents ([b2b.naturewings.com](http://b2b.naturewings.com)). Also, they have a network of over 100 travel agents across India and call centres.



## Revenue Bifurcation -

(Amt in Lakhs)

Particulars	FY 2022		FY 2023		FY 2024	
	Amt	%	Amt	%	Amt	%
Domestic Tour Packages	407.28	98.72	1,167.94	99.78	2,026.21	92.90
International Tour Packages	5.27	1.28	2.53	0.22	154.97	7.10
<b>Total</b>	<b>412.55</b>	<b>100.00</b>	<b>1,170.47</b>	<b>100.00</b>	<b>2,181.18</b>	<b>84.14</b>

The net proceeds of the issue will be utilized for meeting working capital requirements (Rs. 395 lakhs), marketing and business promotion purpose (Rs. 102 lakhs) which involves both online and offline marketing and general corporate purpose (Rs. 86.30 lakhs).

## Strengths -

1. The company is registered with Tourism Council of Bhutan and contributed to 2.49% of the tourist that visited Bhutan from India.
2. The company's uses "go-to-market" strategy that is a mix of B2C (retail customers and enterprises) and B2B (agents).
3. They follow a reverse funnel model where they source customers across India offering specialised service in the Himalayan ranges.
4. They have developed streamlined software across distribution channels, which provides multiple points of contact for marketing additional travel products and services to existing customers.

## Competition -

- Market Competition:** The travel and tourism industry are highly competitive where the key factors of competition primarily comprises of geographic areas covered, price, availability and breadth of choice of travel products and services.
- Geographic Competition:** The company faces competition in regional, national, and international players from large and small players.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.

## Business Strategies -

- Growth in the customer base using cost-effective technology solutions:** The company intends grow their customer base by providing integrated technology platform that meets all their travel needs. They have launched their website in Sep 2023 and have witnessed 126 tour package bookings through website. They have recently introduced WhatsApp business API and Chat-Bot.
- Strengthen focus on enterprise business:** The company intends increase presence in B2C enterprise vertical and intends to become a significant player in MICE segment.
- Leverage existing travel agent network in Tier II and III cities:** The Company intends to increase their presence in Tier II and Tier III cities and spend more on marketing themselves in these cities.
- Increase product offerings:** The company intends to expand their packages by expanding international tourism and reach the other Himalayan belt covering Himachal Pradesh and Uttarakhand. They also intend to enter premium destination across India.

## Risk Factors -

The company has filed 3 outstanding cases regarding tax matters amounting to Rs. 2.72 lakhs.

## PEER ANALYSIS

Particulars	Naturewings Holidays Limited			Sailani Tours and Travels Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	4.8%	5.6%	5.1%	1.7%	1.7%	1.2%
EBITDA Margin	6%	8%	7%	4%	3%	4%
RoCE	24%	50%	54%	12%	9%	6%
ROE	22%	42%	42%	10%	6%	4%
EPS (INR)	0.90	2.94	5.06	1.11	1.41	0.63
P/E	82.22	25.17	14.62	-	18.47	40.49

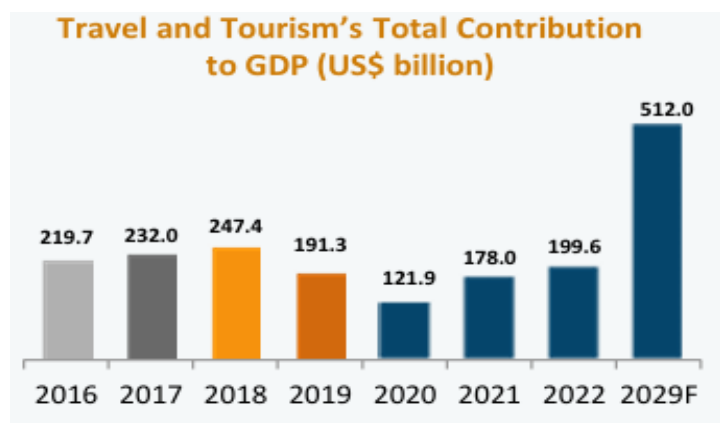
## INTERPRETATION -

- The peer company Sailani Tours and Travels Limited has less market cap compared to Naturewings Holidays Limited.
- The debtor's days for Naturewings Holidays Limited is much lesser than Sailani Tours and Travels Limited.
- The PE ratio is less compared to Sailani Tours and Travels Limited.
- The company's RoCE and ROE has improved over the years compared to Sailani Tours and Travels Limited.
- The PAT and EBITDA margin are better compared to Sailani Tours and Travels Limited.

### Indian Tourism and Hospitality Industry -

According to WTTC, the contribution of India's travel and tourism sector to India's economy was worth US\$ 199.6 billion in 2022.

In 2021, the travel & tourism industry's contribution to the GDP was US\$ 178 billion; this is expected to reach US\$ 512 billion by 2028. By 2029, it is expected to account for about 53 million jobs. In India, the industry's direct contribution to the GDP is expected to record an annual growth rate of 7-9% between 2019 and 2030.



(Source: [www.ibef.org](http://www.ibef.org))

The Indian travel and tourism industry is expected to record an annual growth at 7.1% per annum. The travel market in India is projected to reach US\$ 125 billion by FY27 from an estimated US\$ 75 billion in FY20. The Indian airline travel market was estimated at ~US\$ 20 billion and is projected to double in size by FY27 due to improving airport infrastructure and growing access to passports. The Indian hotel market including domestic, inbound, and outbound was estimated at ~US\$ 32 billion in FY20 and is expected to reach ~US\$ 52 billion by FY27.

By 2028, international tourist arrivals are expected to reach 30.5 billion and generate revenue of over US\$ 59 billion.



(Source: [www.ibef.org](http://www.ibef.org))

### Government Initiatives -

- In the 2024 interim Budget, an amount of Rs. 2,449.62 crore (US\$ 294.8 million) has been allocated to the tourism sector, a 44.7% increase from the previous fiscal year.
- The Ministry of Tourism launched the Swadesh Darshan Scheme to develop theme-based tourist circuits, sanctioning 76 projects. Upgraded to Swadesh Darshan 2.0 (SD2.0), it targets sustainable tourism, selecting 57 destinations for development, with States/UTs preparing plans accordingly.
- Under this Loan Guarantee Scheme for Covid Affected Tourism Service Sector (LGSCATSS), loan up to US\$ 12,110 will be extended to each Tour Operators/ Travel Agents/ Tourist Transport Operators approved/recognized by the Ministry of Tourism.

### Recent Trends -

- **Spiritual Tourism:** Prime Minister stated that the "Ganga Pushkarala Yatra," undertaken by the Bharat Gaurav Tourist Train, starting from Secunderabad Railway Station, Telangana, and passing through revered cities like Puri, Kashi, and Ayodhya, will enhance spiritual tourism in India.
- **M-VISA:** A special type of Visa is launched by the Government of India in 2014 to cater to the medical tourism industry, Indian e-Medical Visa.
- **Lighthouse Tourism:** The Government of India has identified 78 lighthouses in the country as centres of tourism, which are in the first phase of Public Private Partnership (PPP).

**Key Management -**



<b>Key Management Persons Name -</b>	<b>Sandip Raha</b>
<b>Age</b>	53
<b>Designation and No. of years of experience</b>	Promoter, Chairman and Managing Director, 8+ years of experience in travel and tourism sector.
<b>Qualification</b>	Bachelor of Engineering (Computer Science and Technology)
<b>Responsibility</b>	Responsible for the overall functioning of the Company
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Mousumi Raha</b>
<b>Age</b>	49
<b>Designation and No. of years of experience</b>	Promoter and Whole-Time Director, 4+ years of experience in travel and tourism sector and has knowledge about different territories and operational aspects.
<b>Qualification</b>	Master's degree in Arts (History)
<b>Responsibility</b>	Responsible for handling entire sales and operations of the company.
<b>Other Directorship</b>	-

<b>Key Management Persons Name -</b>	<b>Suman Kumar Paul</b>
<b>Age</b>	34
<b>Designation and No. of years of Experience</b>	Whole-Time Director, 5+ years of experience in travel and tourism sector
<b>Qualification</b>	BBA Degree (Hospitality and Tourism Management)
<b>Responsibility</b>	Responsible for generation of sales in the company.
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Santanu Banerjee</b>
<b>Age</b>	64
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 36+ years of experience in project management, IT infrastructure management, networking and systems administration
<b>Qualification</b>	Bachelor of Engineering (Electrical)
<b>Other Directorships</b>	-

<b>Key Management Persons Name -</b>	<b>Soumya Sujit Mishra</b>
<b>Age</b>	46
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 10+ years of experience in Secretarial Compliances and Secretarial Audit
<b>Qualification</b>	Associate member of ICSI and LLB degree
<b>Other Directorships</b>	Utkal Coal Limited

<b>Key Management Persons Name -</b>	<b>Sneha Kajaria</b>
<b>Age</b>	34
<b>Designation and No. of years of experience</b>	Non-Executive Independent Director, 6+ years of experience in Secretarial Compliances and Secretarial Audit
<b>Qualification</b>	Associate member of ICSI and LLB degree
<b>Other Ventures</b>	Currently working as a Company Secretary and Compliance Officer at Retailiez Private Limited

**OVERVIEW:**

- Overall, the management is decent.
- The promoters and the management have decent experience in travel and tourism sector.
- The non-executive directors of the company have similar experience and education qualifications.
- Additionally, there is evidence of dual chairmanship, which is not favourable.

## FINANCIAL SNAPSHOT

Statement of Profit and Loss Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	412.54	1,170.47	2,181.18
Other Income	5.78	5.78	8.79
<b>Total Income</b>	<b>418.32</b>	<b>1,176.25</b>	<b>2,189.97</b>
<b>Expenses</b>			
Cost of Operations	318.39	912.61	1,773.90
Employee Benefit Expenses	52.46	111.30	172.18
Finance Cost	0.59	1.64	3.51
Depreciation and Amortisation	1.80	15.22	13.76
Other expenses	16.39	51.87	74.81
<b>Total Expenses</b>	<b>389.63</b>	<b>1,092.64</b>	<b>2,038.16</b>
<b>EBITDA</b>	<b>25.30</b>	<b>94.69</b>	<b>160.29</b>
<b>EBITDA Margin</b>	<b>6.13%</b>	<b>8.09%</b>	<b>7.35%</b>
<b>Profit/(Loss) before tax</b>	<b>28.69</b>	<b>83.61</b>	<b>151.81</b>
<b>Tax Expense</b>			
Current tax	8.31	21.74	36.38
Deferred Tax	0.49	-3.21	3.51
<b>Total Tax</b>	<b>8.80</b>	<b>18.53</b>	<b>39.89</b>
<b>Profit/(Loss) for the year</b>	<b>19.89</b>	<b>65.08</b>	<b>111.92</b>
<b>Net Profit Margin</b>	<b>4.82%</b>	<b>5.56%</b>	<b>5.13%</b>

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
Share Capital	5.00	85.00	221.00
Reserves and surplus	83.63	68.71	44.63
<b>Total Equity</b>	<b>88.63</b>	<b>153.71</b>	<b>265.63</b>
<b>3. Non-current liabilities</b>			
Long-term borrowings	8.73	5.12	3.11
Deferred Tax Liabilities (Net)	-	-	0.08
Long-term provisions	-	1.42	3.43
<b>Total Non-current liabilities</b>	<b>8.73</b>	<b>6.54</b>	<b>6.62</b>
<b>4. Current liabilities</b>			
Short-term borrowings	-	1.87	2.01
Trade Payables			
(i) Total outstanding dues of MSME	-	-	-
(ii) Total outstanding dues of creditors other than MSME	4.56	11.61	10.74
Other Current Liabilities	204.96	334.71	284.30
Short-term provisions	2.69	5.72	2.31
<b>Total Current liabilities</b>	<b>212.21</b>	<b>353.91</b>	<b>299.36</b>
<b>Total Liabilities</b>	<b>220.94</b>	<b>360.45</b>	<b>305.98</b>
<b>Total Equity and Liabilities</b>	<b>309.57</b>	<b>514.16</b>	<b>571.61</b>
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
Property, Plant & Equipment	14.95	177.24	167.91
Deferred Tax Assets (Net)	0.22	3.43	-
Other Non-Current Assets	-	-	2.09
<b>Total Non-Current assets</b>	<b>15.17</b>	<b>180.67</b>	<b>170.00</b>
<b>2. Current assets</b>			
Trade Receivables	0.32	2.73	11.69

Particulars	FY 22	FY 23	FY 24
Cash & Cash equivalents	219.68	184.15	220.73
Other Current Assets	74.40	146.61	169.19
<b>Total Current assets</b>	<b>294.40</b>	<b>333.49</b>	<b>401.61</b>
<b>Total Assets</b>	<b>309.57</b>	<b>514.16</b>	<b>571.61</b>

### Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	54.16	140.28	45.88
Net Cash Flow from Investing Activities	-11.65	-177.51	-6.52
Net Cash Flow from Financing Activities	4.48	1.69	-2.77

### Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	0.90	2.94	5.06	EV/EBITDA	-4.83	-0.25	0.31
BV per share	4.01	6.96	12.02	Market Cap / Sales	5.67	2.00	1.07
<b>Operating Ratios</b>				P/E	82.22	25.17	14.62
EBITDA Margins	6.13%	8.09%	7.35%	Price to Book Value	18.45	10.64	6.16
PAT Margins	4.82%	5.56%	5.13%	<b>Solvency Ratios</b>			
Inventory days	-	-	-	Debt / Equity	0.10	0.05	0.02
Debtor days	0.28	0.85	1.96	Current Ratio	1.39	0.94	1.34
Creditor days	-	-	-	Quick Ratio	1.39	0.94	1.34
<b>Return Ratios</b>				Asset Turnover	1.33	2.28	3.82
RoCE	24.14%	49.59%	53.82%	Interest Coverage Ratio	39.83	48.46	41.75
RoE	22.44%	42.34%	42.13%				

### INTERPRETATION –

1. The top line has seen a sudden increased in FY 2023 by 183.72% and in FY 2024 by 86.35% which was due to increase in number of holiday packages managed.
2. The net profit has also increased by 227.20% in FY 2023 and by 71.97% in FY 2024 due to reason mentioned above.
3. The PAT margin and EBITDA margin has seen a slight dip due to increase in car hire charges, air ticket booking expenses and hotel booking expenses in FY 2024.
4. The RoCE and ROE have improved over the years.
5. The PE ratio has improved over the years.
6. The cash flow from operations have remained positive over the years.

**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is Fedex Securities Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Fedex Securities Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Broach Lifecare Hospital Limited	4.02	25.00	Aug 21, 2024	44.91
2.	Magenta Lifecare Limited	7.00	35.00	July 12, 2024	32.68
3.	Finelistings Technologies Limited	13.53	123.00	May 14, 2024	75.13
4.	Vrudhhi Engineering Limited	4.76	70.00	April 03, 2024	252.00
5.	GConnect Logitech and Supply Chain Limited	5.60	40.00	April 03, 2024	83.00
6.	Mukka Proteins Limited	224.00	28.00	Mar 07, 2024	46.54
7.	Deem Roll Tech Limited	29.26	129.00	Feb 27, 2024	109.50
8.	Polysil Irrigation Systems Limited	17.44	54.00	Feb 16, 2024	32.50
9.	Baweja Studios Limited	97.20	180.00	Feb 06, 2024	83.00
10.	Docmode Health Technologies Limited	6.71	79.00	Feb 02, 2024	124.60

The company has handled 26 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 2<sup>nd</sup> Sep 2024.

As per the offer document, the above-mentioned mandate 1 has opened at a discount and remaining all have opened at a premium on the listing day.



## Recommendation -

Naturewings Holidays Limited has been in the industry since 2018 and has decent experience in the industry. The management overview of the company is decent.

The P/E on a post-IPO basis is around 20.90 times which makes it slightly highly priced compared to its peer's (Sailani Tours and Travels Limited) of 40.49 times.

The company has seen increase in the top line and bottom line over the years and similar increase can be seen in the tourism industry. The profitability margins have seen a slight dip in FY 2024 due to increase in car hire charges, air ticket booking expenses and hotel booking expenses. Also, the company has performed better compared to its peer company.

The company is expanding its services by tapping more countries and providing international tour packages and, they intend to enter MICE segment.

Though, the company has seen a steady growth, the Indian travel and tourism industry is highly competitive and fragmented with many big and established players. Furthermore, the company's objective and amount for raising funds through IPO raises concerns.

Thus, our opinion on this IPO is **NEUTRAL**. Knowledgeable and informed investors may consider their investment objectives and decide accordingly.

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