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IPO Note
22nd June 2026

Waterways Leisure Tourism Ltd

Avoid

Rating: Avoid

Issue Offer

Total issue size: Fresh Issue - INR 5,850 Mn (7.24 Mn shares)

Issue Summary	
Price Band (INR)	769-808
Face Value (INR)	10
Implied Market Cap (INR mn)	58,494.8
Market Lot	18
Issue Opens on	23 June, 2026
Issue Close on	25 June, 2026
No. of share pre-issue	6,51,54,444
No. of share post issue	7,23,94,543
Listing	NSE / BSE

Issue Break-up (%)	
QIB Portion	≥ 75
Retail Portion	≤ 10
NII Portion	≤ 15

Book Running Lead Managers

Centrum Broking Limited

Registrar

MUFG Intime India Private Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	99.27%	89.35%
Public & Others	0.73%	10.65%

Objects of the Offer	**Exp. Amt (INR Mn.)**
Payment towards deposit/ advanced lease rental and monthly lease payments to the step-down subsidiary, Baycruise Shipping and Leasing (IFSC) Private Limited	4,800.1
General Corporate Purposes	

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Incorporated in November 2020, Waterways Leisure Tourism Limited is one of India's leading domestic ocean cruise operators, offering luxury cruise experiences focused on Indian culture, hospitality, entertainment, and cuisine. The company operates the cruise vessel MV Empress, which sails to destinations including Mumbai, Goa, Kochi, Chennai, Lakshadweep, Visakhapatnam, Puducherry, and select international destinations such as Sri Lanka, Thailand, Singapore, and Malaysia. The company held approximately 79% market share by value in India's domestic ocean cruise industry in Fiscal 2025. The company follows an asset-light operating model by outsourcing key cruise functions such as food & beverage, housekeeping, crewing, and entertainment, enabling operational efficiency and scalability. Waterways Leisure Tourism is positioned to benefit from the growing cruise tourism industry in India and plans to expand its fleet with Norwegian Sky and Norwegian Sun.

Investment Rationale:

Paying today for a future that is several years away — with no margin of safety: The IPO is priced not for where the business is, but for where management hopes it will be after three ships are running at full capacity, onboard spending habits have shifted, and India's cruise culture has matured — a scenario that is, at best, half a decade away. Investors are being asked to fund a vision with the price of a proven business. The price band leaves no room for error, delay, or a single bad sailing season — and the company's own recent performance offers no reassurance that the trajectory is on track.

The earnings are already declining before the hard part even begins

Profits fell sharply in FY26, and that decline happened before the company took on the fixed charter burden of two new vessels. The FY25 profit that bankers use to anchor the growth story was artificially inflated by a one-time accounting reclassification — the underlying trend was already softer. Occupancy slipped on the existing ship even with no new competition. Operating cash flow turned negative. The financial pressure is only going to intensify as new vessel costs land ahead of revenue.

Fleet expansion is a fixed-cost cliff before revenue has a chance to catch up

Adding two ships is not simply doubling revenue — it means absorbing very large, very fixed annual charter obligations from the moment each vessel is delivered, regardless of how many passengers book. The existing ship took time to ramp to reasonable occupancy when it launched, and it had the advantage of being India's only option. The new vessels will need to build demand in market segments and routes where that demand does not yet exist. If occupancy on the new ships ramps slowly — which history and market context both suggest is the more likely scenario — the company will be running at a structural loss for an extended period while public shareholders wait.

Valuation & Outlook: Cordelia Cruises occupies a genuinely unique position as India's only domestic ocean cruise operator, and the long-term structural opportunity — a market growing at 20–25% CAGR off near-zero penetration — is real. However, at INR 808 per share, the IPO is priced not merely for perfection but for a future that is 5–7 years away, carrying every execution assumption simultaneously: three vessels running at 90%+ occupancy, onboard revenue doubling from current levels, charter costs absorbed without triggering losses, and no entry by a well-capitalised global cruise operator. None of these assumptions are unreasonable in isolation, but all of them need to be true together, and the company's own FY26 performance (PAT down 69%, EBITDA margin down to 20%, occupancy falling despite no new competition) offers no evidence that the current single-ship business is on the trajectory the valuation implies. **At the upper band of INR 808, the issue is valued at a P/E ratio of 112.18x, based on annualized EPS of INR 7.20. We are recommending a "Avoid" rating for this issue.**

Financial Summary:

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	4,440.6	5,906.05	5,797.45
Growth (%) YoY		*33.0%*	*-1.8%*
EBITDA	1,111.45	2,154.59	1,174.8
Margins (%)	*25.0%*	*36.5%*	*20.3%*
PAT/(Loss)	(1,227.33)	1,681.85	521.43
Margins (%)	*(27.6)%*	*28.5%*	*9.0%*

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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