Waterways Leisure Tourism Ltd.

AVOID

BP WEALTH

IPO Note **22nd June 2026**

Company Overview

Founded in 2020, Waterways Leisure Tourism Limited is one of India's leading domestic ocean cruise operators and a pioneer in the country's cruise tourism industry. The company operates its flagship cruise vessel, MV Empress, and has established a strong presence in the domestic cruise market, accounting for ~79% market share in value terms in FY25. As of March 31, 2026, more than 730,000 guests have sailed on its cruises, covering over 321,000 nautical miles across India's coastline and surrounding islands. The company offers a diverse range of domestic and international cruise itineraries, including destinations across Sri Lanka, Thailand, Singapore, and Malaysia. Its cruises combine luxury accommodation, dining, entertainment, recreational activities, and MICE offerings, providing guests with a comprehensive experiential travel platform. The company has positioned itself as a preferred player in India's growing cruise tourism segment through its focus on customer experience and premium travel offerings. Waterways Leisure Tourism follows an efficient operating model by outsourcing key functions such as food and beverage services, housekeeping, crewing, and entertainment to specialized third-party partners. This enables the company to optimize costs, maintain service quality, and scale operations effectively. The company also benefits from a diversified booking network comprising direct channels, digital platforms, and travel agent partnerships. Going forward, the company plans to expand its fleet through the addition of Norwegian Sky and Norwegian Sun, which are expected to increase passenger capacity and broaden itinerary offerings. With rising demand for experiential travel, supportive government initiatives for cruise tourism, and limited organized competition, the company is well-positioned to capitalize on the long-term growth opportunities in India's cruise tourism industry.

Revenue Breakup (%):

Particular	FY24	FY25	FY26
Cruise ticket sale	87.5%	89.5%	91.2%
On board Revenue	11.5%	9.0%	8.7%
Income from Lease vessel	0.4%	1.3%	0.0%
Commission Income	0.6%	0.2%	0.1%
Total	**100%**	**100%**	**100%**

Objects of the issue

Payment towards deposit/advanced lease rental and monthly lease payments to step-down subsidiary, Baycruise Shipping and Leasing (IFSC) Private Limited (Baycruise IFSC), at estimated amount of Rs. 4,800 million.

Investment Rationale

Pioneer in India’s ocean cruise tourism industry with strong growth tailwinds

The company is one of the leading domestic ocean cruise operators in India and has established itself as a pioneer in the country's emerging cruise tourism sector. Through its flagship vessel, MV Empress, the company offers a comprehensive cruise experience combining luxury accommodation, diverse dining options, entertainment, wellness facilities, and destination-focused travel experiences. Its extensive network of domestic and international itineraries enables it to cater to the growing demand for experiential leisure travel while promoting India's coastal tourism ecosystem. The company operates in a niche segment with significant long-term growth potential. While the Indian overnight ocean and coastal cruise market remains relatively underpenetrated compared to global standards, increasing consumer preference for experiential vacations, rising disposable incomes, and growing awareness of cruise tourism are expected to drive strong industry growth over the coming years. According to industry estimates, the Indian cruise market is projected to grow at a CAGR of ~20%-25% between FY26 and FY31, supported by an expanding itinerary network, improving cruise infrastructure, and rising adoption of cruise travel among domestic tourists. The company is also well-positioned to benefit from favourable government initiatives to develop India's maritime and cruise tourism infrastructure. Programs such as the Cruise Bharat Mission, Maritime India Vision 2030, and Amrit Kaal Vision 2047 are focused on modernizing cruise terminals, enhancing port connectivity, expanding cruise circuits, and improving the overall cruise tourism ecosystem. These initiatives are expected to create a conducive operating environment and support long-term industry expansion.

Fleet expansion strategy to capitalize on growing cruise tourism demand

The company is strategically expanding its fleet to capitalize on the rapidly growing demand for cruise tourism in India. The company currently operates the MV Empress, which has a passenger capacity of up to 2,005 guests, and has entered into time charter agreements for two additional

Issue Details

Offer Period	23rd June, 2026 - 25th June , 2026
Price Band	Rs. 769 to Rs. 808
Bid Lot	18
Listing	BSE, NSE
Issue Size (no. of shares in Cr.)	0.7
Issue Size (Rs. in Cr.)	585
Face Value (Rs.)	10

Issue Structure

QIB	75%
NIB	15%
Retail	10%
BRLM	Centrum Broking Limited
Registrar	MUFG Intime India Private Limited .

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	99.3	89.3
Public	0.7	10.7
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

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cruise vessels, Norwegian Sky and Norwegian Sun. These vessels are expected to be introduced in FY27 and FY28, respectively, and will significantly enhance the company's passenger carrying capacity and operational scale. With capacities of approximately 2,004 and 1,936 guests, respectively, the new vessels will strengthen the company's ability to cater to increasing demand for both domestic and international cruise experiences. The fleet expansion aligns with the strong long-term growth outlook for India's ocean and coastal cruise industry, which is expected to witness robust growth over the next several years driven by increasing cruise adoption, infrastructure development, expanding itinerary options, and rising consumer preference for experiential travel. The addition of Norwegian Sky and Norwegian Sun will enable the company to broaden its destination portfolio, introduce new cruise circuits, and potentially dedicate specific vessels to international routes, thereby enhancing revenue diversification and market reach. The company's asset-light expansion model through leased vessels is expected to improve capital efficiency while supporting scalable growth. Furthermore, operating a larger and more standardized fleet is likely to create operational synergies across procurement, crew training, maintenance, and on-board services, resulting in improved cost efficiencies and margin enhancement. The new vessels also offer a wide range of premium amenities, dining options, entertainment facilities, wellness centers, and recreational activities, enabling the company to deliver an enhanced guest experience and strengthen its positioning in the premium cruise tourism segment.

Valuation

Waterways Leisure Tourism is one of India's leading domestic ocean cruise operators and a pioneer in the country's nascent cruise tourism industry. The company has established a dominant position through its flagship vessel, MV Empress, and benefits from strong brand recognition, a diversified itinerary portfolio, and a comprehensive on-board experience spanning accommodation, dining, entertainment, wellness, and leisure activities. The company is well-positioned to capitalize on the growing popularity of experiential travel and the increasing adoption of cruise vacations among Indian consumers. The Indian ocean and coastal cruise industry remains significantly underpenetrated compared to global markets and is expected to witness robust growth over the coming years. Industry estimates indicate that the market could grow at a CAGR of ~20%-25% between FY26 and FY31, driven by increasing cruise awareness, rising disposable incomes, expanding itinerary options, improving port infrastructure, and supportive government initiatives such as the Cruise Bharat Mission and Maritime India Vision 2030. These favourable industry dynamics are expected to create substantial growth opportunities for established operators with proven execution capabilities. Financially, the company's revenue declined marginally by 1.8% YoY to Rs. 580 crores in FY26 from Rs. 591 crores in FY25. EBITDA improved by 4.9% YoY to Rs. 81 crores, reflecting stable operating performance and operational efficiencies. Adjusting for the one-off in FY25, PAT declined by 43.7% YoY to Rs. 52 crores from Rs. 93 crores in FY25, resulting in a moderation in earnings. While Waterways Leisure Tourism offers a differentiated opportunity to participate in India's emerging cruise tourism market, concerns persist around the sustainability of earnings, the company's reliance on a single vessel and the execution risks associated with planned capacity expansion. These factors, coupled with limited operating diversification, warrant a cautious approach at the current stage. At the upper price band of Rs. 808, the issue is valued at a P/E multiple of 100.7x based on FY26 diluted earnings of Rs. 8.0 per share, which appears expensive. **Accordingly, we recommend an AVOID to the issue at current valuations and instead monitor the company post-listing for potential investment opportunities as its expansion plans translate into earnings growth.**

Key Risks

⇒ The company's cruise operations depend on limited third-party service providers for critical services and amenities, including technical and crew management, hospitality management, general purchasing and logistics management and entertainment. Any disruption in the services offered by these third-party service providers may adversely impact business, results of operations, financial condition and cash flows.

⇒ They have acquired two new cruise vessels on lease, and the inability to adhere to the terms of the lease agreements (including the inability to pay the lease rentals) could lead to the termination of the agreements, which could have an adverse impact on business.

⇒ Changes in fuel prices would affect the cost of cruise operations, which could have an adverse impact on business, results of operations, financial condition and cash flows. Further, they depend on a limited number of suppliers for fuel requirements. Any interruption in the availability of fuel could adversely affect business, results of operations, cash flows and financial condition.

Waterways Leisure Tourism Ltd.

Income Statement (Rs. in million)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from Operations	4,441	5,906	5,797
Total Revenue	**4,441**	**5,906**	**5,797**
Expenses			
Operating Expenses	2,591	2,668	3,193
Employee benefit expenses	173	291	387
Other expenses	646	864	1,115
Total Operating Expenses	**3,410**	**3,822**	**4,695**
EBITDA	**1,031**	**2,084**	**1,102**
Depreciation and Amortization expenses	1,843	630	305
Other income	81	71	72
EBIT	**(731)**	**1,525**	**870**
Finance costs	351	385	87
Exceptional Item	144	(756)	-
PBT	**(1,227)**	**1,896**	**783**
Current tax	0	197	245
Prior year tax	-	-	(2)
Deferred Tax charge/ (credit)	-	17	18
Total tax	**0**	**214**	**261**
PAT	**(1,227)**	**1,682**	**522**
Diluted EPS	**(19.0)**	**26.0**	**8.0**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in million)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	2,301	1,297	(964)
Cash flow from investing activities	(745)	(660)	105
Cash flow from financing activities	(1,463)	(480)	586
Net increase/(decrease) in cash and cash equivalents	**92**	**157**	**(273)**
Cash and cash equivalents at the beginning of the period	**79**	**171**	**328**
Cash and cash equivalents at the end of the period	**171**	**328**	**54**

Source: RHP, BP Equities Research

Waterways Leisure Tourism Ltd.

Balance Sheet (Rs. in million)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant and equipment	723	664	577
Right of Use assets	2,452	243	138
Intangible Assets	-	-	39
Intangible assets under development	-	25	-
Financial Assets			
(i) Loans	116	-	130
(ii) Other financial assets	274	56	110
Non-Current Tax Assets	-	-	1,396
Total Non current assets	**3,566**	**989**	**2,391**
Current Assets			
Inventories	98	62	59
Financial assets			
(i) Trade receivable	18	30	49
(ii) Cash and cash equivalents	171	328	54
(iii) Other Bank Balance	1	-	5
(iv) Other current financial assets	77	936	575
Current tax assets	28	-	-
Other current assets	33	129	285
Total Current Assets	**426**	**1,485**	**1,027**
Total Assets	**3,992**	**2,474**	**3,418**
Equity and Liabilities			
Equity Share Capital	647	647	652
Other Equity	(1,827)	(319)	151
Total Equity	**(1,181)**	**328**	**802**
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	-	-	523
(ii) Lease Liabilities	2,426	180	71
Provisions	5	16	34
Deferred tax liabilities (net)	-	14	14
Total non-current liabilities	**2,430**	**210**	**641**
Current Liabilities			
Financial Liabilities			
(i) Short Borrowings	52	304	497
(ii) Lease Liabilities	454	75	88
(iii) Trade Payable	439	245	255
Current tax liabilities	-	184	235
Provisions	1	13	3
Other current financial liabilities	723	133	3
Other current liabilities	1,074	981	895
Total Current Liabilities	**2,743**	**1,936**	**1,974**
Total liabilities	**5,173**	**2,146**	**2,616**
Total Equity and Liabilities	**3,992**	**2,474**	**3,418**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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