Wonderla Holidays Ltd — Rating update 1d Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**AA-** (Reaffirmed); Outlook revised from Stable to **Positive**
Outlook (Current vs Prev)	**Positive** vs **Stable**
Key Drivers of Change	1. **Successful Project Execution:** Chennai Park commissioned (Dec 2025) at □570-580 Cr, under the □611 Cr budget; contributed □45 Cr in Q1FY27 alone. 2. **Growth in Operating Metrics:** Q1FY27 TOI surged 41% YoY to □252.10 Cr; ARPU rose 7% and footfalls grew 33% to 12 lakhs. 3. **Fortified Capital Structure:** Net worth increased to □1,792 Cr (FY26) vs □1,094 Cr (FY24) following a □540 Cr QIP in FY25. 4. **Exceptional Coverage:** Interest coverage ratio improved to 96.81x (FY26) from 82.01x (FY25) due to negligible debt.
Rated Instruments	1. **LT Term Loan (Proposed):** □289 Cr
Key Observations	• **In-house Advantage:** Ride design/manufacturing capabilities drive industry-leading margins and cost efficiencies. • **Liquidity Strength:** Cash/liquid investments of ~□500-520 Cr (June 2026) against minimal lease liabilities of □6 Cr. • **Brand Moat:** Two-decade track record with strong recall in South/East India. • **Margin Moderation:** FY26 PBILDT margin at 32% remains healthy but below the 47% peak of FY24 due to new park marketing/employee costs. • **Seasonality Risk:** Sharp quarterly volatility; Q1 (summer) drives ~45-60% of annual PBILDT, while Q2 is often loss-making. • **High Capex Intensity:** New parks require □200-600 Cr upfront with a 2-4 year gestation period. • **Safety/Reputation:** High reliance on incident-free operations; malfunctions pose acute social media/ reputation risks.
Investor Impact	• **Growth:** Successful ramp-up of Chennai and Bhubaneswar parks de-risks the expansion strategy. • **Margins:** Expected to improve as new parks gain operating leverage, despite current marketing-led compression. • **Leverage:** Virtually debt-free status provides massive headroom for future acquisitions or greenfield expansions. • **Dilution:** Low risk in the near term given the high cash balance and internal accruals of >□200 Cr/year.
Agency / Cross Analysis	**Same Agency:** CARE revised the outlook from Stable to Positive within 12 months. The primary catalyst is the successful, under-budget commissioning of the Chennai Park and the Q1FY27 revenue beat. Financials show consistent top-line scaling despite temporary margin cooling. **Conclusion:** Clear **Improvement** in business profile and execution track record.
Final Inference	**Real Improvement.** The "Positive" outlook is a precursor to a notch upgrade (to AA). The transition from a "project-execution" phase to an "operational-ramp-up" phase with a debt-free balance sheet significantly lowers the equity risk profile.