

HOLD
TP: Rs 417 | ▲ 8%
**AWFIS SPACE
SOLUTIONS**

| Real Estate

| 03 February 2026

Measured growth and improved utilisation drove EBITDA beat

- **AWFIS reported EBITDA of Rs ~1,392mn, beating our estimates by ~4.5% driven by higher occupancy and operational efficiencies**
- **Operational capacity increased to ~152,000 seats (+25% YoY), spread across total supply of ~8.1msf in ~246 centres, as growth moderated**
- **Improved occupancy and margins but cautious about durability of improvements. 1Y TP of Rs 417 on EV/Adj. EBITDA multiple of 10.5x**

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AWFIS reported Revenue from Operations of Rs 3,817.8mn (+20.2% YoY) as revenue from co-working space on rent and allied services grew +32.2% and revenue from Construction and fit-out projects contracted -18% YoY. EBITDA grew to Rs 1,392mn (+29.8% YoY), as occupancy improved +200bps YoY and a favourable tenant mix improved operational efficiencies. This led to an improvement of ~36.5% (~270bps YoY) in operating EBITDA margins. We are highly encouraged by the improving utilisation of workspaces and believe Revenue from Operations is likely to grow at an annualised ~21.8% over FY25-28E.

Signed supply (Operational, Under Fitout and Centres with Signed LOI) increased to ~8.6msf (+7.5% YoY) as Total Supply (Operational and Under Fitout) increased to ~8.1msf (+12.5% YoY). Operational capacity increased ~+25% to ~152,000 seats, as management slowed its pace of new capacity addition in favour of improved utilisation of its workspaces. We expect AWFIS to expand operational chargeable area by ~+16.6% CAGR over FY25-28E. Given its emphasis on leasing space to relatively smaller tenant cohorts, we believe prioritising utilisation over expansion should help AWFIS improve occupancy within its portfolio, pushing EBITDA margins higher.

As demand for space skews increasingly towards Grade A offices, AWFIS stands to gain from pivoting to a more premium offering, which should result in higher demand for its workspaces and improved margins. However, we remain cautious about leasing demand for flex-workspaces accounting for >21% of total office leasing. Also, should AWFIS expand its supply faster than our expectations, we believe it will be at the cost of efficiency and operating margins.

We revise our FY26E-FY28E EPS estimates upwards to reflect improved occupancy and operating margins but believe caution is merited given AWFIS' track record of leasing to relatively smaller cohort sizes and its tendency towards excessive growth in operational capacity. **We revise our 1Y TP to Rs 417 (from Rs 541 previously), based on a marginally lower EV/Adj. EBITDA multiple of 10.5x (11.5x previously) on 4QFY27E-3Q28E Adj. EBITDA.**

Key changes

	Target	Rating
▼	◀ ▶	

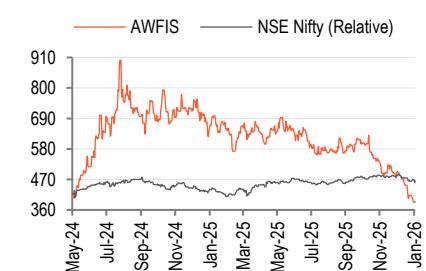
Ticker/Price	AWFIS IN/Rs 388
Market cap	US\$ 302.8mn
Free float	83%
3M ADV	US\$ 1.1mn
52wk high/low	Rs 719/Rs 377
Promoter/FPI/DII	17%/27%/40%

Source: NSE | Price as of 2 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	12,607	15,881	19,051
EBITDA (Rs mn)	4,024	5,317	5,842
Adj. net profit (Rs mn)	679	804	1,361
Adj. EPS (Rs)	9.8	11.3	19.0
Consensus EPS (Rs)	9.7	14.8	20.5
Adj. ROAE (%)	19.1	15.9	21.9
Adj. P/E (x)	39.8	34.4	20.4
EV/EBITDA (x)	6.9	5.2	4.7
Adj. EPS growth (%)	449.5	15.4	69.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance


Source: NSE

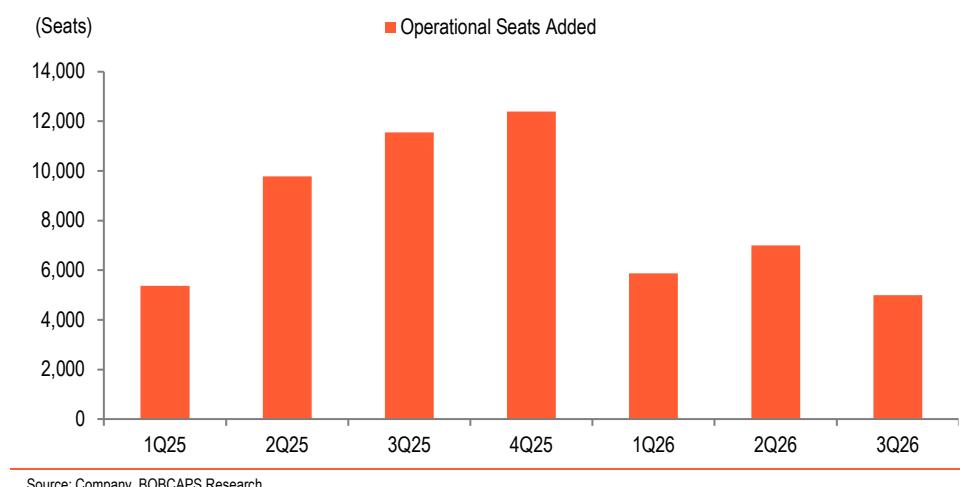


Improved Utilisation Drove EBITDA Margins

Q3FY26 saw measured growth in supply, as management prioritised utilisation over expansion in capacity with the launch of 11 new centres with ~8,000 seats. **Signed supply (Operational, Under Fitout and Centres with Signed LOI) increased to ~8.6msf (+7.5% YoY, +2.4% QoQ)**, spread across 257 centres (+8.4% YoY, +4.0% QoQ) with ~177,000 seats (+10.2% YoY, +4.1% QoQ). Total Supply (Operational and Under Fitout) rose to ~8.1msf (+12.5% YoY, +1.25% QoQ) spread across 246 centres (+14.9% YoY, +3.8% QoQ) with ~166,000 seats (~+16% YoY, ~+3.1% QoQ). Operational capacity was higher ~+25% to ~152,000 seats (+24.8% YoY, +3.4% QoQ).

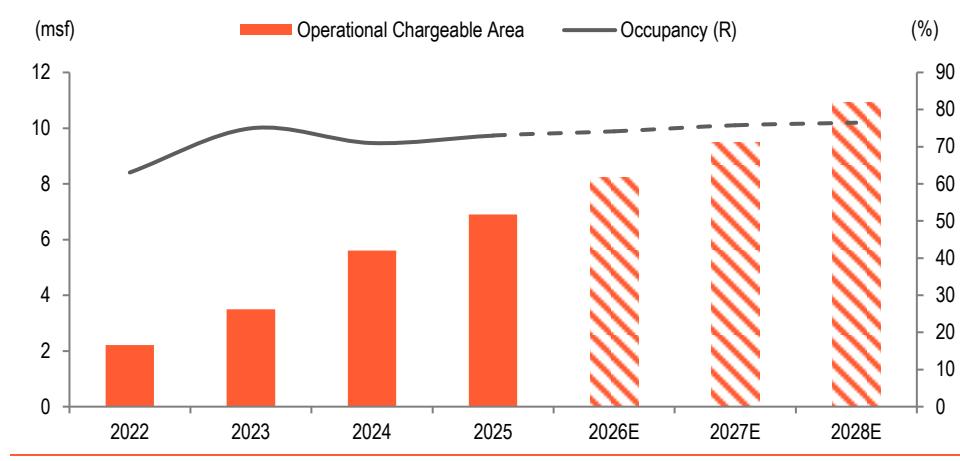
We believe that this marked moderation in the pace of supply addition, combined with increased sales traction as a result of the improved product mix has lead to the impressive improvement in blended occupancy to 75% (+200bps YoY, +100bps QoQ). We believe management will continue moderating growth in supply, in favour of efficiency and expect operational chargeable area to grow at an annualised rate of 16.6% over FY25-28E.

Fig 1 – Management prioritising utilisation over growth



Source: Company, BOBCAPS Research

Fig 2 – Operational chargeable area likely to grow by +16.6% CAGR



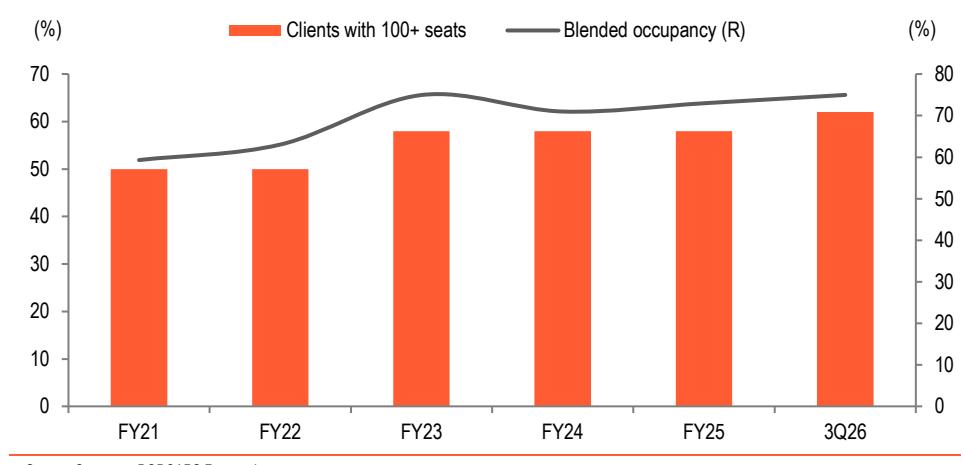
Source: Company, BOBCAPS Research

EBITDA margins improved to 36.5% (+270bps YoY), driven mostly by improved utilisation of its workspaces. However, margins deteriorated ~40bps QoQ, dragged down mainly due to lower contributions from AWFIS' D&B segment and higher costs associated with the setup of workspaces, geared toward an improved product mix (Gold and Elite centres). Based on management's comments, we expect the D&B segment to contribute ~20% of the total operating revenues and expect higher revenues owing to the improved product mix, through FY28.

Skewing Towards Larger Cohorts and Managed Offices

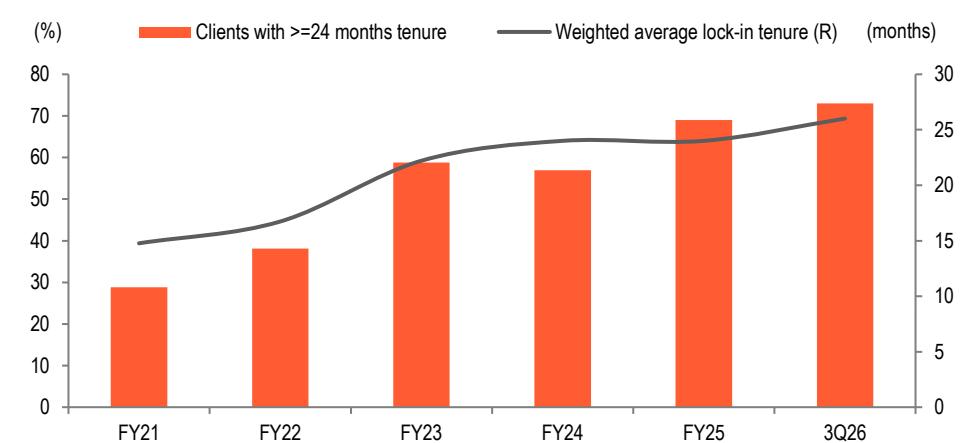
Since FY21, AWFIS has steadily increased the portion of its workspaces leased out to tenants that lease >100 seats. Though this cohort is still relatively smaller vs peers, we believe larger cohorts sign longer leases and are likely to bring in more durable demand. Clients leasing >100 seats made up ~62% of total leases as of Q3FY26 from ~50% as of FY21. Blended occupancy improved commensurately to 75% as of Q3FY26 from ~60% as of FY21. Over the period, as AWFIS ramped up the average seat cohorts, lease terms also improved to 26 months from ~15 months, as of FY21. We believe that leasing to larger tenant cohorts should result in improved efficiency and earnings visibility.

Fig 3 – Improved utilisation on larger seat cohorts



Source: Company, BOBCAPS Research

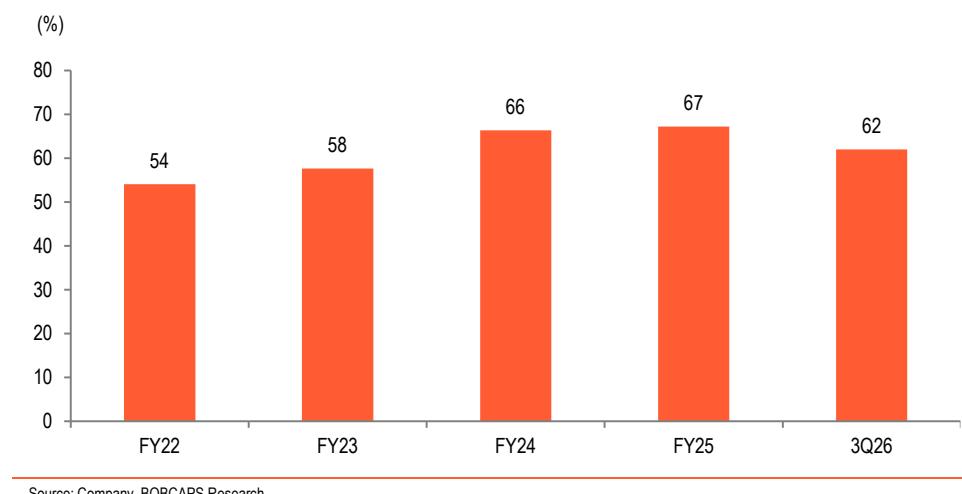
Fig 4 – Longer earnings visibility, as larger cohorts sign longer leases



Source: Company, BOBCAPS Research

An increasing portion of the newly signed leases are Straight Leases. As the company pivots to an improved product mix (Gold and Elite Centres) and supplying managed offices, we believe that the operator will lease higher quality buildings into its portfolio, which are mostly available under straight-lease contracts. However, managed aggregation contracts still make up a majority of AWFIS' leases (62% as of Q3FY26).

Fig 5 – MA contracts form the majority of leases



Source: Company, BOBCAPS Research

Fig 6 – Performance

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Revenue from operations	3,817.8	3,177.2	20.2	3,668.6	4.1	3,684.5	3.6
EBITDA	1,392.2	1,072.7	29.8	1,323.0	5.2	1,332.6	4.5
EBITDA Margin (%)	33.9	32.4	152bps	34	21bps	33.4	44bps
Adj. EBITDA	672.9	384.0	75.2	386.6	74.0	567.0	18.7
Adj. EBITDA Margin (%)	16.4	11.6	479bps	9.8	654bps	14.2	214bps
PAT	216.6	151.8	42.7	159.7	35.6	154.4	40.3
EPS	3.0	2.2	40.9	2.24	35.2	2.16	40.3

Source: Company, BOBCAPS Research

Valuation Methodology

We revise our FY26E-FY28E EPS estimates upwards to reflect improved occupancy and operating margins, but believe caution is merited given AWFIS' focus on leasing to relatively smaller cohort sizes and its tendency for excessive growth in operational capacity. Additionally, we also expect lower contributions from its D&B segment to weigh on the pace of growth in revenues. We revise our 1Y TP to Rs 417 (from Rs 541 previously), based on a marginally lower EV/Adj. EBITDA multiple of 10.5x (11.5x previously) on 4QFY27E-3Q28E Adj. EBITDA.

Fig 7 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
EPS	11.26	19.04	26.69	9.68	18.67	26.38	16.29	1.94	1.15
Revenue	15,881.40	19,051.27	23,599.30	15,510.08	19,064.03	23,615.05	2.39	(0.07)	(0.07)
Adj. EBITDA	1,980.89	2,380.71	3,000.07	1,849.59	2,381.32	3,001.01	7.10	(0.03)	(0.03)
FCFF	1,217.90	2,390.27	3,258.60	881.00	2,578.40	3,259.26	38.24	(7.30)	(0.02)

Source: BOBCAPS Research

Key Risks

Key risks to our estimates:

- Slowdown in the expansion of operational leasable area
- A faster pace of growth in operational capacity, resulting in lower utilisation and efficiency of workspaces
- Reversal in the demand for flexible workspaces, especially during market downturns

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	8,748	12,607	15,881	19,051	23,599
EBITDA	2,454	4,024	5,317	5,842	6,691
Depreciation	(1,960)	(2,758)	(3,675)	(3,609)	(3,957)
EBIT	494	1,265	1,643	2,233	2,735
Net interest inc./exp.)	(930)	(1,361)	(1,881)	(2,278)	(2,563)
Other inc./exp.)	260	532	1,061	1,436	1,779
Exceptional items	0	251	0	0	0
EBT	(176)	688	823	1,392	1,951
Income taxes	0	(9)	(19)	(30)	(43)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	(176)	679	804	1,361	1,908
Adjustments	0	0	0	0	0
Adjusted net profit	(176)	679	804	1,361	1,908

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,310	2,011	2,913	3,282	4,123
Other current liabilities	3,220	5,201	6,836	8,060	9,110
Provisions	63	86	100	100	100
Debt funds	6,594	12,736	14,607	16,559	19,056
Other liabilities	280	443	471	471	471
Equity capital	193	710	715	715	715
Reserves & surplus	2,321	3,883	4,817	6,179	8,087
Shareholders' fund	2,514	4,592	5,533	6,894	8,802
Total liab. and equities	13,981	25,070	30,459	35,365	41,662
Cash and cash eq.	44	400	1,747	4,038	7,214
Accounts receivables	748	1,208	1,549	1,883	2,281
Inventories	2	1	6	6	6
Other current assets	2,249	3,549	4,264	4,231	4,695
Investments	0	0	0	0	0
Net fixed assets	3,341	5,083	6,521	8,673	11,301
CWIP	82	165	61	61	61
Intangible assets	18	17	31	31	31
Deferred tax assets, net	403	541	763	763	763
Other assets	7,094	14,107	15,516	15,679	15,310
Total assets	13,981	25,070	30,459	35,365	41,662

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	2,290	3,626	6,516	7,986	9,569
Capital expenditures	(1,439)	(1,988)	(1,982)	(2,152)	(2,628)
Change in investments	(213)	(372)	135	0	0
Other investing cash flows	(11)	268	(13)	0	0
Cash flow from investing	(1,626)	(2,031)	(1,831)	(2,152)	(2,628)
Equities issued/Others	3,387	1,344	77	0	0
Debt raised/repaid	241	(89)	(206)	(64)	(64)
Interest expenses	(28)	(31)	(20)	(18)	(9)
Dividends paid	0	0	0	0	0
Other financing cash flows	(4,245)	(2,462)	(3,187)	(3,462)	(3,691)
Cash flow from financing	(645)	(1,239)	(3,337)	(3,543)	(3,764)
Chg in cash & cash eq.	18	355	1,348	2,290	3,176
Closing cash & cash eq.	44	400	1,747	4,038	7,214

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(2.8)	9.8	11.3	19.0	26.7
Adjusted EPS	(2.8)	9.8	11.3	19.0	26.7
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	39.9	66.0	77.4	96.4	123.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	3.2	2.2	1.7	1.5	1.2
EV/EBITDA	11.3	6.9	5.2	4.7	4.1
Adjusted P/E	(139.0)	39.8	34.4	20.4	14.5
P/BV	9.7	5.9	5.0	4.0	3.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	100.0	98.7	97.7	97.8	97.8
Interest burden (PBT/EBIT)	(35.5)	54.3	50.1	62.3	71.3
EBIT margin (EBIT/Revenue)	5.6	10.0	10.3	11.7	11.6
Asset turnover (Rev./Avg TA)	75.1	64.6	57.2	57.9	61.3
Leverage (Avg TA/Avg Equity)	5.5	5.5	5.5	5.3	4.9
Adjusted ROAE	(8.3)	19.1	15.9	21.9	24.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	54.6	44.1	26.0	20.0	23.9
EBITDA	57.8	64.0	32.1	9.9	14.5
Adjusted EPS	65.6	449.5	15.4	69.1	40.2
Profitability & Return ratios (%)					
EBITDA margin	28.1	31.9	33.5	30.7	28.4
EBIT margin	5.6	10.0	10.3	11.7	11.6
Adjusted profit margin	(2.0)	5.4	5.1	7.1	8.1
Adjusted ROAE	(8.3)	19.1	15.9	21.9	24.3
ROCE	7.2	8.5	9.6	10.8	12.7
Working capital days (days)					
Receivables	31	35	35	35	35
Inventory	0	0	0	0	0
Payables	79	91	91	91	91
Ratios (x)					
Gross asset turnover	0.8	0.6	0.6	0.6	0.6
Current ratio	0.7	0.7	0.8	0.9	1.1
Net interest coverage ratio	0.5	0.9	0.9	1.0	1.1
Adjusted debt/equity	4.6	4.5	4.5	4.1	3.7

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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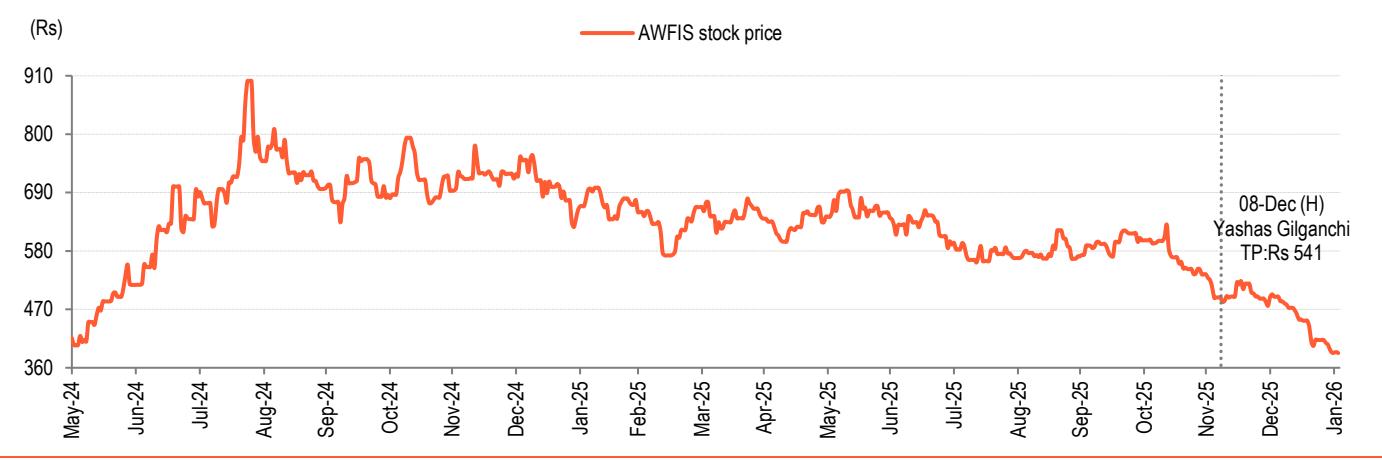
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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Ratings and Target Price (3-year history): AWFIS SPACE SOLUTIONS (AWFIS IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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