REAL ESTATE

08 December 2025

Flex-work operators: prefer larger cohorts and longer leases

- **Demand is consolidating towards Grade A properties with amenities; an opportunity exists for flex-workspace operators to plug the gap**
- **Operators utilising strategies that deliver longer leases to larger tenant cohorts likely to outperform; benefit from superior earnings visibility**
- **EBITDA to grow by 28.6% over FY26E-28E and operators to trade at avg. EV/Adj. EBITDA multiple of ~12.5x implying avg. 1Y upside of ~+41.1%**

Yashas Gilganchi
Research Analyst
research@bobcaps.in

INDIQUBE (BUY) has the largest presence among peers in BLR (~5.9msf) — India's most active flex-workspace market. Their workspaces have consistently operated at higher occupancies vs peers (~79% average), demonstrating strong brand recall and high demand for space in its workspaces. We expect revenues to grow by 31.6% CAGR over FY26E-28E and the stock to trade at an EV/Adj. EBITDA multiple of 13.0x.

SMARTWORKS (BUY) operates a well-diversified portfolio of office assets, with significant presence in PUN (~31% of leasable area). The operator is unique in its scale and has consistently delivered higher average EBITDA margins vs peers. We expect revenues to grow by 24.4% CAGR over FY26E-28E and the stock to trade at an EV/Adj. EBITDA multiple of 14.0x.

WEWORK (BUY) operates a premium portfolio (7.7msf) of workspaces, concentrated mostly in BLR (~42% of leasable area). We believe the company benefits from strong brand recall and scale, helping the operator deliver the highest EBITDA margins amongst peers. We expect revenues to grow by 20.0% CAGR over FY26E-28E and the stock to trade at an EV/Adj. EBITDA multiple of 11.5x.

AWFIS (HOLD) operates a well-diversified portfolio of workspaces (~8msf) and is unique in its strategy of signing managed aggregation contracts with landlords that enable fast, asset-light expansion. We believe that the current rate of growth is unsustainable for the operator and expect them to moderate growth in favour of improving operating metrics. We expect revenues to grow by 25.5% CAGR over FY26E-28E and the stock to trade at an EV/Adj. EBITDA multiple of 11.5x.

We expect the flex-workspace operators in our coverage to grow EBITDA by 28.6% over FY26E-28E, as they increase leasable area, improve occupancy and operating margins. We expect the companies to trade at an average EV/Adj. EBITDA multiple of 12.5x, implying average 1Y upside of ~+41.1%.

Recommendation snapshot

Ticker	Price	Target	Rating
AWFIS IN	493	541	HOLD
INDIQUBE IN	204	345	BUY
SMARTWOR IN	447	662	BUY
WEWORK IN	596	818	BUY

Price & Target in Rupees | Price as of 5 Dec 2025

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

The opportunity to supply quality office spaces

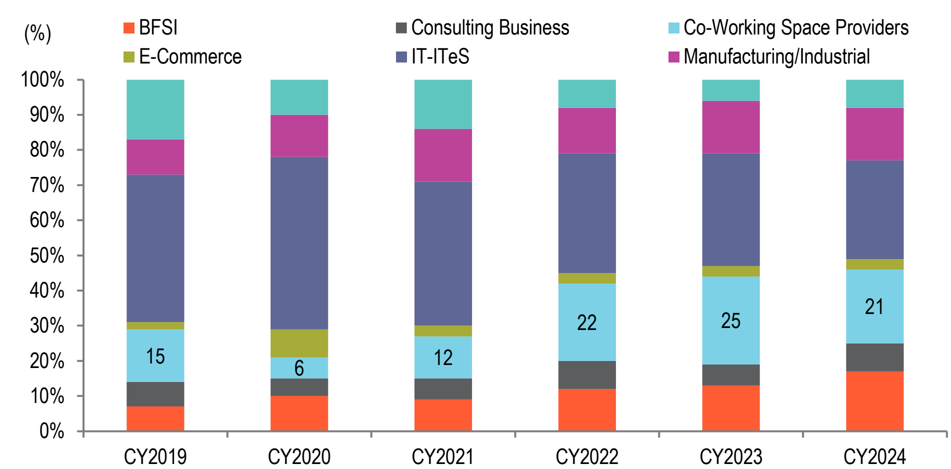
Flexible Workspaces – everything but traditional

India has demonstrated robust economic growth, has a large skilled talent pool and enjoys a cost advantage when compared with international peers. As a result, the office market is experiencing a surge in demand for office space by both foreign and domestic enterprises. As of 2QFY26, the existing office stock in India stands at 814.2msf, of which, Grade A assets amount to ~500msf (61.4%). Furthermore, office stock is expected to grow by ~10% CAGR through CY2030 to be around 1,306msf. We believe that a greater proportion of the new office supply coming in to the market is likely to be Grade A but choose to remain conservative and expect Grade A assets to be ~783msf by 4QFY31 (~60% of CY2030 Office stock).

Demand is shifting toward high-quality office assets with modern amenities, focused on sustainability (Grade A). Demand for office space is being driven by diverse sectors like engineering & manufacturing, BFSI and flex spaces; including the traditionally strong IT sector. We believe leasing by:

- Global Capability Centre's (GCCs) will contribute meaningfully (~40% of total office lease-up in CY2025) by leasing space in established office markets (NCR, Mumbai Metropolitan Region and Bengaluru), complimented by additional leasing in Tier 2 cities, driven by hybrid-work models, lower costs and availability of talent.
- Flex space operators will make up ~20% of office space demand in CY2025 as tenants adopt flexible leases and managed office spaces in pursuit of the 'Core + Flex' model.

Fig 1 – Flex-Workspaces make up ~20% of office leasing



Source: Company, BOBCAPS Research

Flexible workspaces let individuals and employers occupy desks, entire floors, or full buildings on demand, for various time periods (daily, monthly, yearly, etc.). These workspaces are set up and managed by operators that also offer meeting rooms and amenities, which can be used as needed. Flexible workspaces are mostly available as:

- *Coworking* spaces where individuals from the same or different organisations work, with shared facilities and services

- *Managed office* spaces that offer dedicated workspaces with amenities, customised and managed according to the needs of a tenant

Compared against traditional office leases, flex-workspaces offer tenants the option to lease space on demand, at lower costs (no capital expenditure). Accelerated by the COVID-19 pandemic, both employers and employees have started appreciating the benefits of remote/hybrid-work models. Flexible workspaces enable employees to work out of modern, well-equipped offices that foster a sense of community and employers to scale up/down faster across locations at a fraction of the cost.

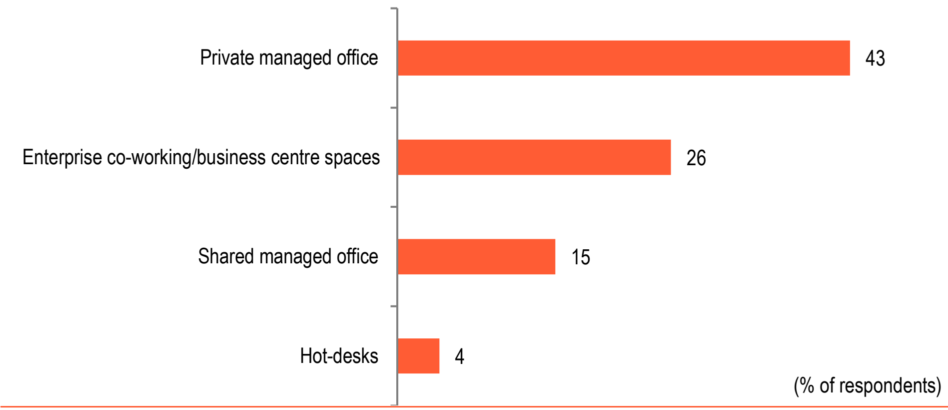
Opportunity

Demand

According to the 2025 CBRE Office Occupier Survey, ~69% of office space leased over CY2020-1H2025 was in Grade A offices. As employers focus on attracting and retaining top-tier talent, they show a clear preference for upgrading to high-quality office spaces with modern amenities. With ~50% of India's office inventory across its top 7 cities being >10Ys old, flexible workspace operators have emerged as one of the key drivers of office leasing, as they retro-fit and upgrade aging buildings, in addition to leasing out new office buildings. Demand for flexible workspaces is broad-based, with >50% of small and large occupiers aiming to have >10% of their office portfolios in flexible workspaces by CY2027. Demand is the highest for private managed offices and enterprise quality co-working/business centres (see Fig. 1).

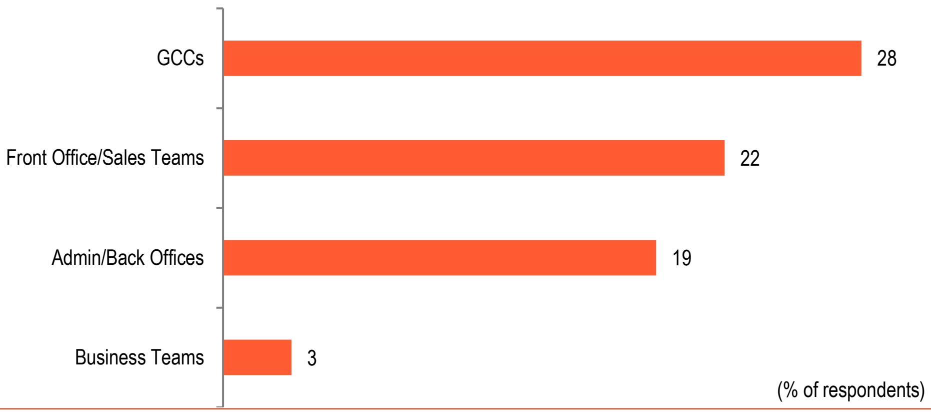
GCCs are the largest occupiers of flex-working spaces as they expand office footprints and are likely to continue to be so over the foreseeable future (see Fig. 2). Additionally, Indian enterprises (from small to large enterprises, including start-ups) are also turning to flex-workspaces as they set up offices in new locations or in locations previously inaccessible, because of the high capital expenditure incurred in setting up offices under traditional straight-leases signed directly with landlords.

Fig 1 – Grade A managed offices in demand



Source: CBRE, BOBCAPS Research

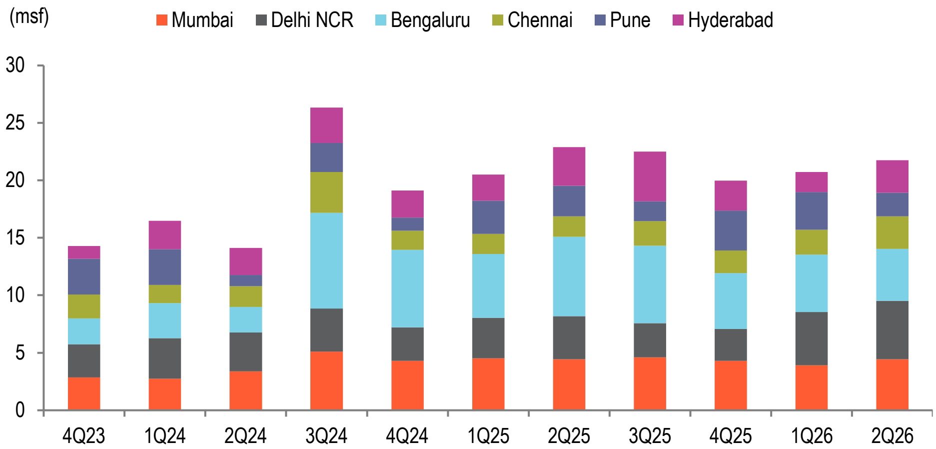
Fig 2 – Demand for flex-workspaces by type – GCCs the largest occupiers



Source: CBRE, BOBCAPS Research

Six cities (see Fig 3) account for >96% of the office space absorbed in India, with Bengaluru alone driving ~24% of the absorption. With leasing of flex-workspaces accounting for ~20% of the pan India absorption of office space (see Fig 1), flex-workspace operators with optimal presence in these six cities (especially BLR, HYD, MUM and NCR) are best placed to benefit from this demand for flex-workspaces. *With ~21msf of gross leasing volume each fiscal quarter, we expect demand for flex-workspace to exceed 4msf each quarter.*

Fig 3 – Absorption being driven by six cities



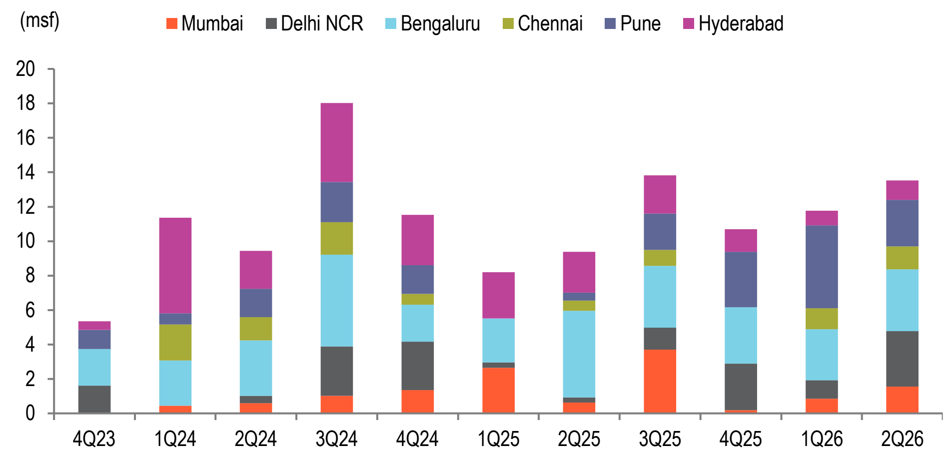
Source: C&W, BOBCAPS Research

Supply

The same six cities account for >93% of the pan India supply (see Fig 5). With office stock expected to grow by ~10% CAGR through CY2030 to be around 1,306msf, we believe that a large proportion of the new office supply coming into the market is likely to be Grade A and concentrated within these six cities. Additionally, flex-workspace operators have the additional opportunity to lease office spaces owned by non-institutional landlords, given that they upgrade older buildings (by incurring capex that landlords are reluctant to expend and lease the buildings), improving the overall quality of office spaces available in India.

Based on the trends demonstrated by the listed flex-working operators, we expect >4msf of new flex-workspace supply to be delivered each year over the next 3Ys.

Fig 4 – Supply concentrated in six cities



Source: C&W, BOBCAPS Research

Risks

Compared with traditional office leases (10-15Ys), flexible-office leases are shorter in duration (~3Ys). Inherent to this model are the risks of **volatile demand for space** and **high tenant churn**, resulting in high occupancy during times of high demand that could drop relatively quickly in times of low demand (as employers shift to more permanent office setups, macro-economic shocks, etc.). We believe this risk is the highest in the space leased to single/smaller cohort of seats for comparatively shorter durations. We expect flex-workspace operators to insulate themselves from this risk mainly by:

- *Having space available for lease in BLR, HYD, MUM, NCR, PUN and CHN,* where most of the demand for flex-workspaces is likely to be concentrated
- *Leasing space to larger cohort of tenants* who are less likely to have volatile demand for space
- *Leasing for longer durations* that optimise for revenue visibility within the flex-workspace construct

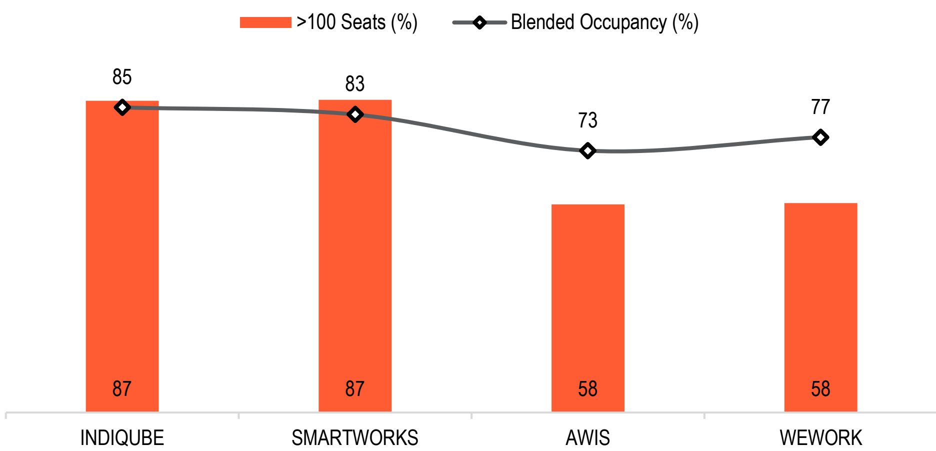
We believe operators signing longer leases with larger tenant cohorts are better placed to push occupancy within their portfolios, resulting in the optimal use of leasable area (see Fig 6 & 7).

Flex-workspace operators within our coverage have **IT/ITeS tenants as the biggest tenant group (~43% on average),** making them disproportionately exposed to the macro-economic themes dictating the sector. Additionally, as **most of the demand for flex-workspaces is likely to come from GCCs** expanding their footprints in India, operators are at high risk of global macro-economic shocks. Given that the tenants usually have shorter lease durations and flexible terms, occupancies and demand could prove to be very volatile, especially during downturns. We believe that **operators maximising space leased to Indian enterprises can insulate themselves from this potential risk.**

Prefer operators signing longer leases with larger tenant cohorts

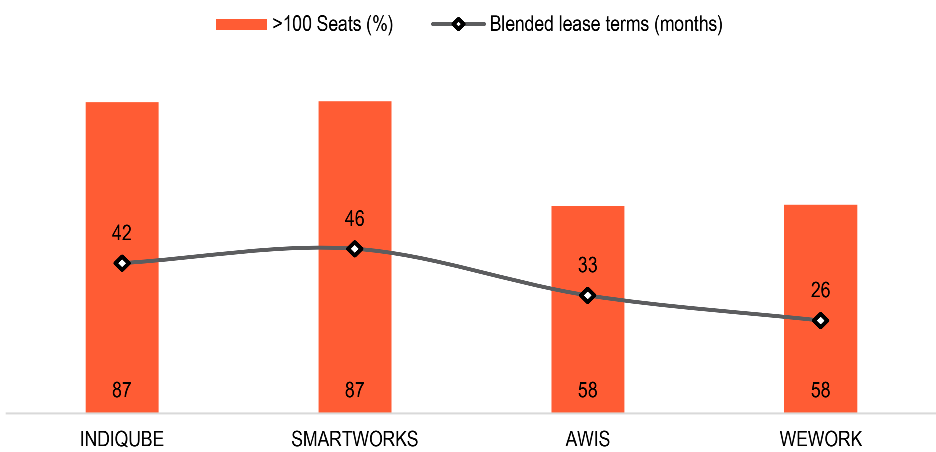
Flex-work operators with larger centres, larger tenant cohorts and longer average lease tenures have demonstrated more efficient operating metrics. Larger centres enable higher EBITDA margins, leasing to larger tenant cohorts results in higher occupancies and longer lease terms provide better earnings visibility. We believe sustainable growth (with high occupancy) is key to delivering long-term value. We discuss these themes in greater detail below.

Fig 5 – Higher occupancy from leasing to larger cohorts



Source: Company, BOBCAPS Research

Fig 6 – Larger cohorts sign longer leases



Source: BOBCAPS Research, Company

Fig 7 – Flex-Operator Snapshot

	INDIQUBE	SMARTWORKS	AWFIS	WEWORK
Operational Centres	112	54	237	70
Operational Area (msf)	7.62	10.30	8.00	7.70
Avg. Centre Size (msf)	0.07	0.19	0.03	0.11
Operational Seats	169,395	235,000	161,000	114,500
Avg. Centre Size (seats)	1,512	4,352	679	1,636
Operator Model	Managed Office	Managed Office	Co-working & Managed office	Co-Working & Managed office
Focus	300+ seats	300+ seats	500+ seats	NA
Client Mix	MNC, SME, Start-ups	MNC, Start-ups	MNC, SME, Start-ups	MNC, Start-ups
Largest Sector (%)	IT (51%)	IT (41%)	IT (45%)	IT (35%)
Average Tenure	43.00	46.00	36.00	27.00
Occupancy (%)	86.57	81.00	74.00	80.20
Total clients	801	767	3,400	NA

Source: Company, BOBCAPS Research

SMARTWORKS operates the largest leasable area

Leasable area has expanded by ~10.02msf (+24.7% CAGR) over FY23-25

AWFIS has increased operational leasable area the fastest (+40.4% CAGR) over the period. With an average centre size of ~30,000sf (~604 seats), it benefits from its business model that includes expansion through managed-aggregation leases signed with landlords that enable faster growth at lower risk (portion under managed aggregation grew from 57.7% to 67.3%).

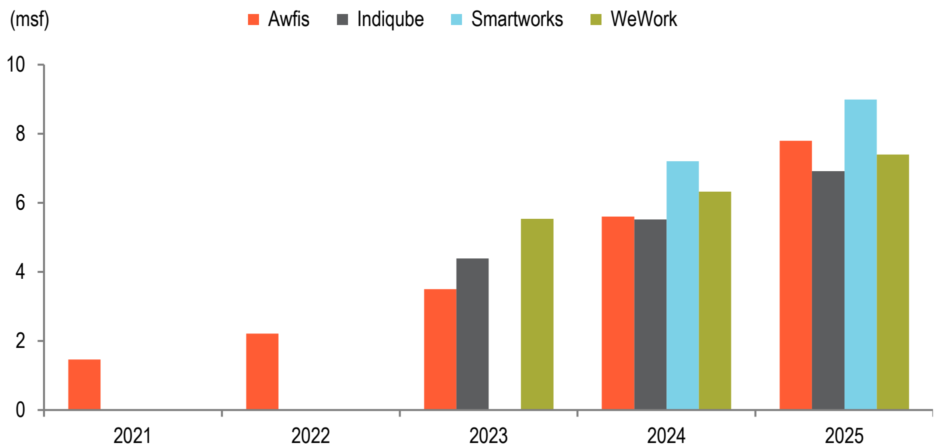
WEWORK has lagged peers, growing operational leasable area by ~+15.6% CAGR over the period. Their average centre is ~120,000sf (~1,700 desks) and stand out for its brand recall and superior quality of buildings and amenities.

SMARTWORKS operates significantly larger centres (~160,000sf or ~3,888 seats) as their business models skew towards leasing whole buildings to provide the benefits of a self-contained campus to tenants. Over the period, the operator has grown operational leasable area by +25.7% CAGR (fastest among peers), which we believe is a consequence of its scale.

INDIQUBE, with centres of ~60,000sf (~1,430 seats), has expanded operational leasable area by +21.4% CAGR. We believe the operator's business model targets an ideal size of a centre that enables efficient growth.

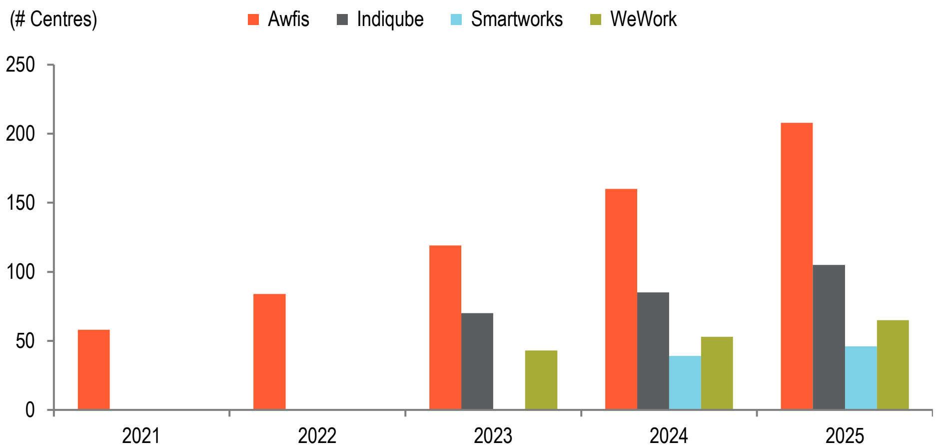
We believe that **scale helps flex-workspace operators optimise operating expenses and deliver higher operating margins**. Fig 12 shows how SMARTWORKS and WEWORK (also because of more premium pricing) leverage economies of scale to consistently deliver high EBITDA margins vs peers with smaller scale.

Fig 8 – SMARTWORKS has the largest leasable area



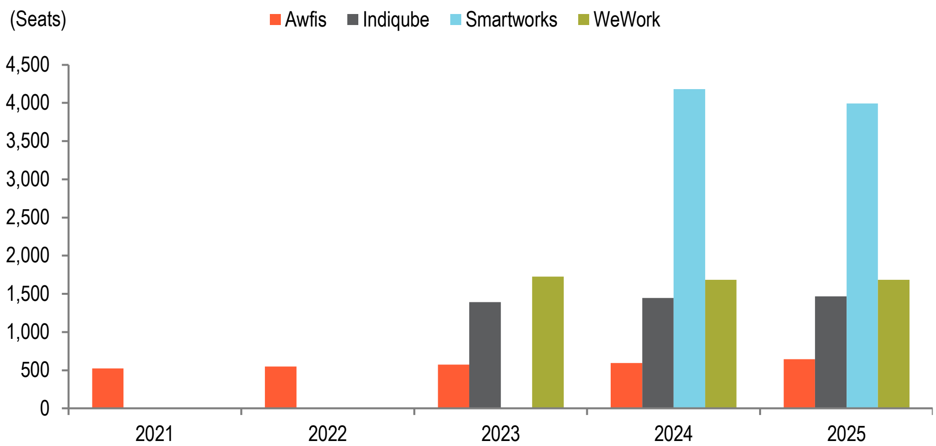
Source: Company, BOBCAPS Research

Fig 9 – AWFIS has the largest number of centres



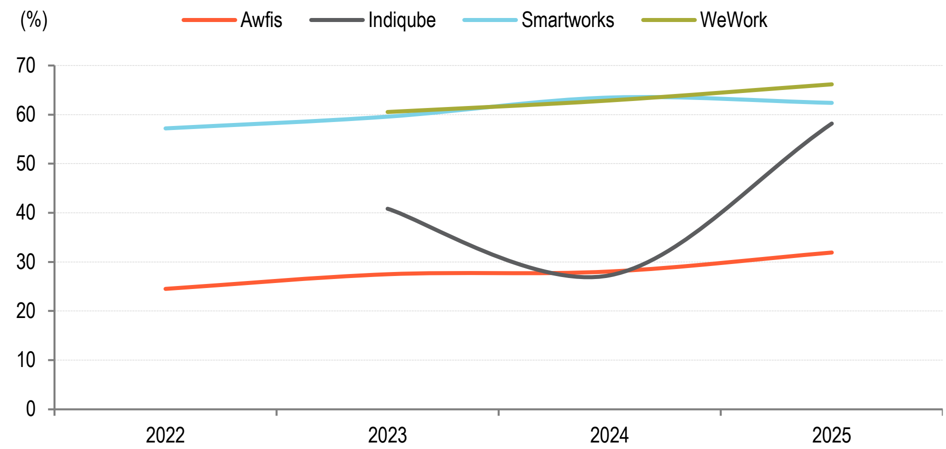
Source: BOBCAPS Research, Company

Fig 10 – SMARTWORKS has the largest centres



Source: Company, BOBCAPS Research

Fig 11 – Larger centres deliver better EBITDA margins



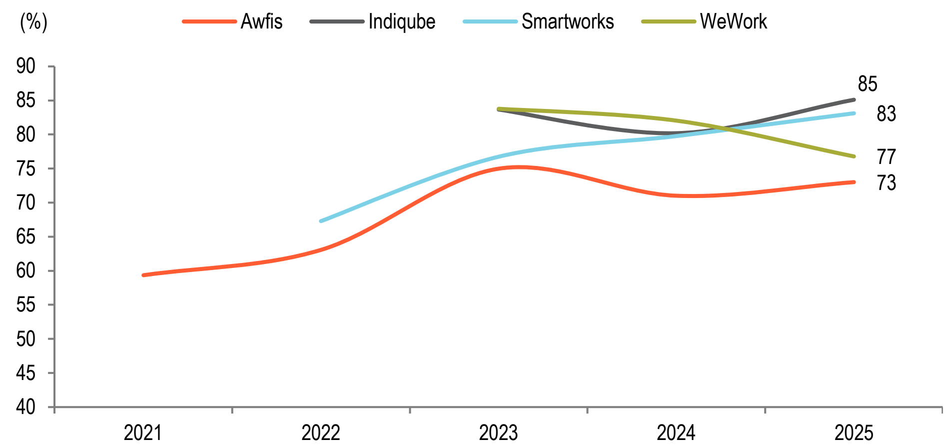
Source: Company, BOBCAPS Research

INDIQUBE and SMARTWORKS operate their portfolios efficiently

The expansion of leasable area is essential to revenue growth of flex-workspace operators as contractual rent escalations (~4.5% per year) are limited. However, despite the asset-light models that enable fast-paced growth, we believe that **growth rates are sustainable only if the operators are able to maintain/increase occupancy** within their portfolios as they grow.

INDIQUBE and SMARTWORKS stand out in their ability to execute sustainable growth (average blended occupancy of ~79% over FY23-25). INDIQUBE has consistently operated its portfolio with higher occupancy (~83% over the period), implying that its growth rate is the most sustainable. SMARTWORKS has consistently improved occupancy (~+638bps), suggesting optimal use of space and possibly, room for faster growth.

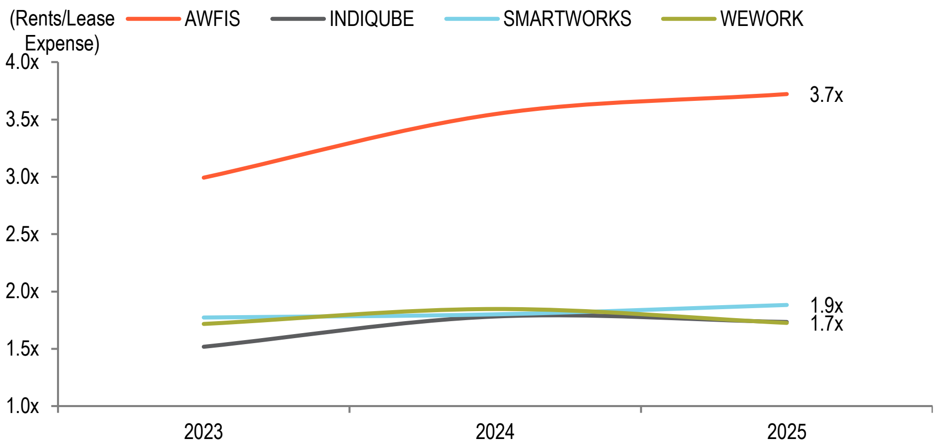
Fig 12 – Blended Occupancy



Source: BOBCAPS Research, Company

To compare leasing efficiency across all flex-workspace operators, we use *rent to lease expense (calculated as cash rents from tenants/cash lease expense incurred by the operator)*. We believe operators that can maximise this ratio are better placed to improve on their operating efficiencies. AWFIS stands out among peers as it benefits from lower lease liabilities as result of the majority of its portfolio (~67%) being operated under managed aggregation agreements. However, among the operators signing straight-leases with landlords, SMARTWORKS signs leases with the most efficient terms.

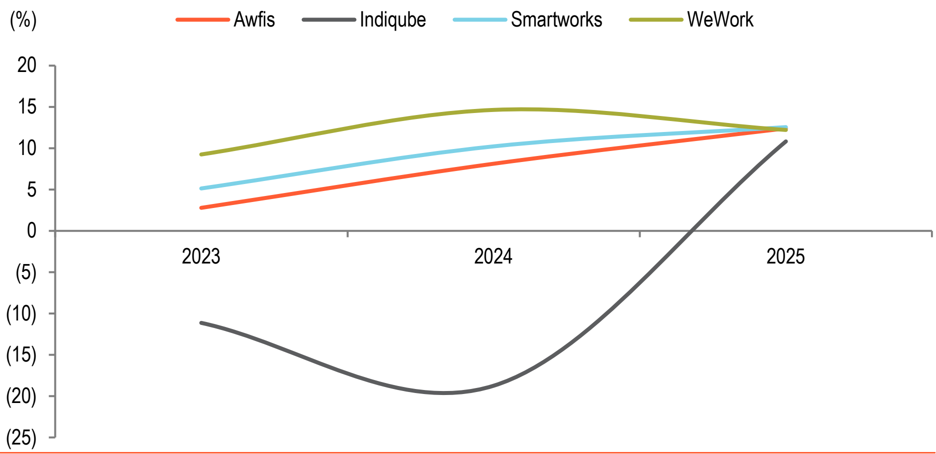
Fig 13 – SMARTWORKS is being the most efficient in signing leases



Source: Company, BOBCAPS Research

Adjusting IGAAP EBITDA for leasing expenses (interest + principal), we notice that all Adj. EBITDA margins seem to be converging ~12%. Operators are driving improvements to EBITDA margins, mostly by expanding VAS and other add-on offerings to their tenants. We believe continued improvements to lease terms and expansion of VAS should continue driving further margin improvements.

Fig 14 – Adj. EBITDA margins converging



Source: Company, BOBCAPS Research

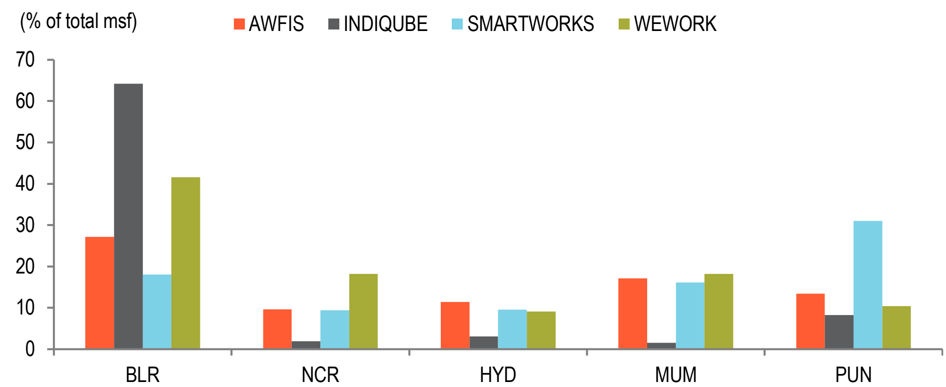
All operators have significant presence in BLR and mostly rely on leasing by IT/ITeS

Bengaluru is the most active office market in India, accounting for an average of >24% of gross leasing and >28% of new supply over 1Q23-2Q26. The city also has the largest flex inventory (~30% of pan India flex-workspace inventory), demonstrating strong tenant preference for being located in the city.

On average, flex-workspace operators under our coverage have ~>37% of their leasable area concentrated in BLR, with INDIQUBE having the largest concentration (~64%), followed by WEWORK (~42%). SMARTWORKS has the lowest proportion (among peers) of its leasable area in BLR (~18%) but benefits from having leasable area in other significant markets like PUN (~31%), MUM (~16%) and HYD (~10%).

We believe SMARTWORKS, AWFIS and WEWORK are well diversified across the top 5 cities driving flex-workspace leasing, that should drive growth and build brand recall.

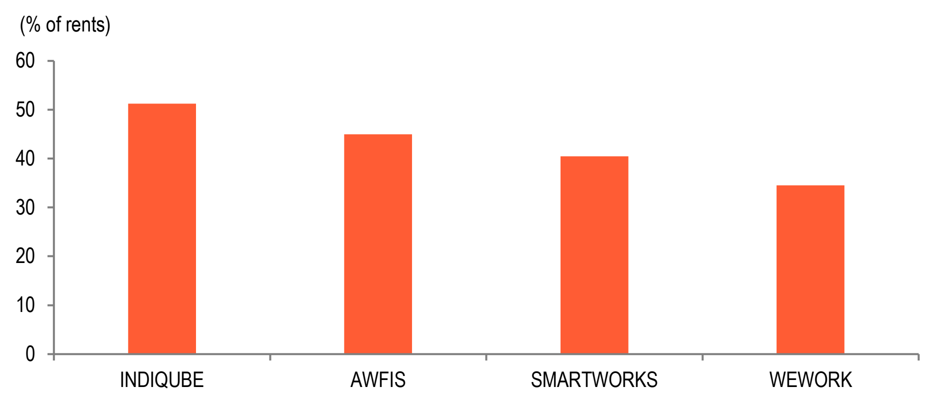
Fig 15 – BLR is the most active flex-workspace market



Source: BOBCAPS Research, Company

Flex-workspace operators within our coverage have IT/ITeS tenants as the biggest tenant group (~43% on average). INDIQUBE has the largest exposure (~51%) and WEWORK the smallest (~35%). We believe this is mostly because IT/ITeS jobs are most suited for flex-workspace arrangements, but this exposes the operators disproportionately to a downturn in the sector.

Fig 16 – Operators most exposed to IT/ITeS tenants



Source: Company, BOBCAPS Research

Indiqube Spaces Ltd (INDIQUBE)

INDIQUBE is a managed space solution company that caters to a broad range of tenants from large corporate offices to small branch offices. Their portfolio is concentrated in BLR (~64% of leasable area). INDIQUBE is focused on having centres in high-demand micro-markets, with quality infrastructure and connectivity. Uniquely, the operator also targets the upgradation and renovation of older Grade B properties to drive operating margins and growth.

Fig 17 – INDIQUBE snapshot

Indiqube	2023	2024	2025	2Q26
Operational Centres	70	85	105	112
Operational Area (msf)	4.3	5.3	6.3	6.7
Avg. Centre Size (msf)	0.06	0.06	0.06	0.06
Operational Seats	97,537	122,766	153,830	169,395
Avg. Centre Size (seats)	1,393	1,444	1,465	1,512
Average Tenure	49	46	42	43
Occupancy (%)	83.68	80.21	85.12	86.57
Total clients	594	702	769	801

Source: Company, BOBCAPS Research

Investment Rationale

- INDIQUBE has the largest presence among peers in BLR (~5.9msf), India's most active flex-workspace market. The company's office assets have consistently operated at higher occupancies (~83%) vs peers (~79% average) over FY23-25, demonstrating strong brand recall and high demand for space in its workspaces.
- Over FY23-25, the operator improved occupancy by ~144bps despite expanding operational leasable area under management by ~21.4% CAGR, faster than peers operating under straight-leases with landlords (+20.9%).
- The operator's unique focus on upgrading and retro-fitting Grade B properties gives them access to a larger pool of assets, supporting INDIQUBE's pace of growth. We believe that as the operator turns around old buildings, it will reduce the overall lease liabilities associated with its leased buildings and drive improvements in margins.

INDIQUBE is managed by:

- **Rishi Das (Co-Founder & CEO)** has 9+ years of experience in the co-working space industry. Previously, he co-founded Innoprop Spaces, CareerNet Technologies, and HirePro Consulting. He is an alumnus of the IIT, Roorkee.
- **Meghna Agarwal (Chief Operating Officer & Executive Director)** has held key leadership role as a co-founder of UltraFine Minerals and currently serves on the board of directors of Innoprop Spaces. She holds a PG Diploma in Executive Management from the Institute of Management Technology, Ghaziabad.
- **Pawan J Jain (Chief Financial Officer)** has 22+ years of experience. He was previously associated with Twenty Fourteen Hotels India Private Limited, Vikram

Logistics and Maritime Services Private Limited, and Coast Liners Private Limited. He is a certified chartered accountant and holds a B.Com from Nehru Memorial Collage, Hanumangarh, Maharshi Dayanand Saraswati University, Ajmer.

Business

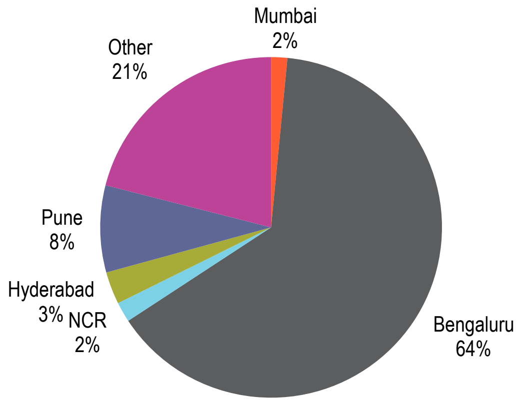
INDIQUBE operates multiple business verticals, with ‘Grow’ being the principal segment. The business also derives revenue from ancillary services like facility management and CAM fees. More specifically, the business operates:

- *IndiQube Grow* — a plug-and-play workspace solution that incorporates services like interior fixtures, technology, facility management and VAS
- *IndiQube bespoke* — a customisable design and build solution that provides design to turnkey project execution and maintenance
- *IndiQube one* — a B2B and B2C solution ranging from facility management, asset maintenance, catering and transport services
- *MiQube* — an integrated technology and interconnected smart devices solution
- *IndiQube Cornerstone* — under which the operator renovates aging properties and secures operating rights from the landlord

Portfolio

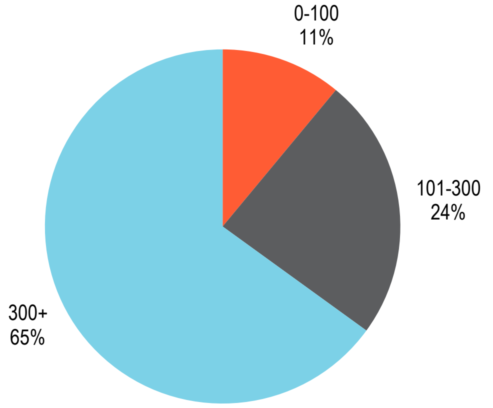
INDIQUBE has 7.62msf of leasable flex-workspace concentrated mostly in Bengaluru. Over FY23-25, the operator increased operational leasable area and leasable seats by ~21% and improved blended occupancy by ~144bps signalling well calibrated growth. Over the period, EBITDA margins improved by ~17.4pps driven mainly by lower operating expenses and higher revenue from VAS. The operator’s space is mostly leased to tenants that occupy >300 seats and has the highest exposure to IT/ITeS tenants (51.2%, see Fig 21) vs peers (~43% peer average).

Fig 18 – INDIQUBE is concentrated in BLR



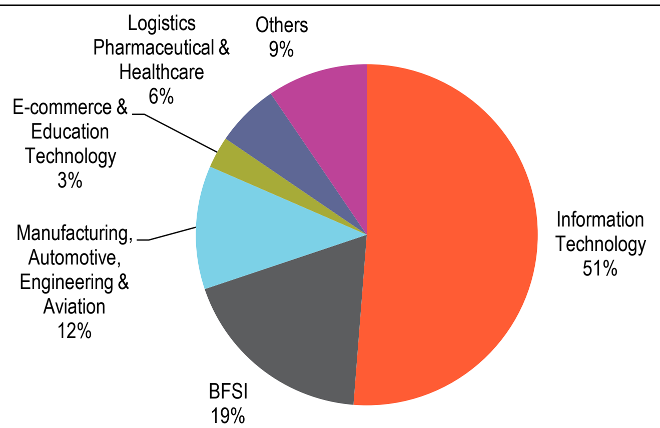
Source: Company, BOBCAPS Research

Fig 19 – Space leased mostly to tenants occupying >300 seats



Source: Company, BOBCAPS Research

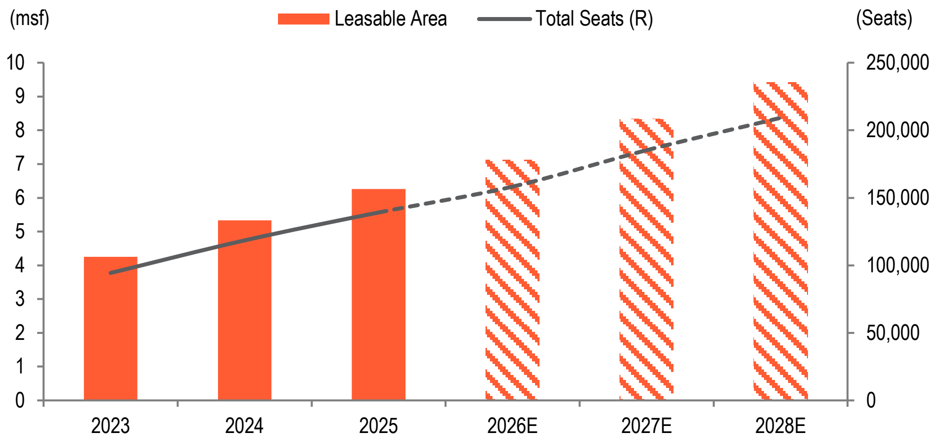
Fig 20 – Largest exposure to IT/ITeS tenants



Source: Company, BOBCAPS Research

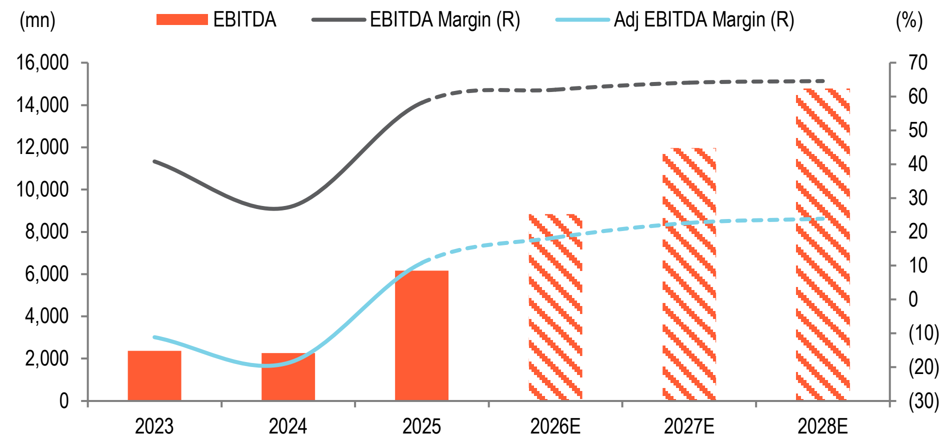
Over FY26E-28E, we expect INDIQUBE to increase revenues by ~32%, as it continues to grow sustainably. We believe EBITDA margins are likely to improve by ~+14pps, driven by improvements in blended occupancy (+245bps) and higher monetisation of existing space (increased VAS).

Fig 21 – Operational area likely to increase by +16.6% CAGR



Source: Company, BOBCAPS Research

Fig 22 – EBITDA margins to improve by ~+14pps



Source: Company, BOBCAPS Research

Smartworks Coworking Spaces Ltd (SMARTWORKS)

SMARTWORKS is an office experience and managed campus platform, focused on mid-large enterprise tenants. The operator has a well-diversified portfolio spread across the top 5 flex-workspace markets in India, with a large presence in PUN (~31% of leasable area). The company is unique in its scale, operating the largest centres (~170,000sf or ~4,200 seats) vs peers (~85,000sf or ~1,900 seats), helping drive EBITDA margins and overall operating efficiency.

Fig 23 – SMARTWORKS Snapshot

SMARTWORKS	2024	2025	2Q26
Operational Centres	39	46	54
Operational Area (msf)	6.4	7.5	9.1
Avg. Centre Size (msf)	0.16	0.16	0.17
Operational Seats	163,022	183,613	235,000
Avg. Centre Size (seats)	4,180	3,992	4,352
Largest Sector (%)	IT (44%)	IT (42%)	IT (41%)
Average Tenure	46	46	NA
Occupancy (%)	79.77	83.12	81.00
Total clients	603	738	767

Source: Company, BOBCAPS Research

Investment Rationale

- SMARTWORKS operates a well-diversified portfolio of office assets spread across the major markets driving flex-workspace demand, with significant presence in PUN (~31% of leasable area). The company has improved occupancy while growing leasable area fastest amongst peers over FY23-25 (+18.6% vs +15.4% peer average), demonstrating competent management and high demand for its workspaces.
- The operator has improved blended occupancy by ~+638bps over FY23-25, significantly higher than peer average (-29bps), despite growing operational leasable area by +25.7% CAGR, in line with peer average. We believe SMARTWORKS could grow leasable area at a faster pace, without compromising occupancy, resulting in secular tailwinds to earnings.
- SMARTWORKS benefits from economies of scale, operating ~2x larger workspaces vs peers. This scale has consistently enabled the operator to deliver higher average EBITDA margins of ~62% vs peers (~48.8%).

SMARTWORKS is managed by:

- **Neetish Sarda (Founder & Managing Director)** oversees growth and operational functions. He has received numerous awards in the co-working industry and is an alumnus of the University of London.
- **Harsh Binani (Co-Founder & Executive Director)** has 14+ years of experience and was previously associated with McKinsey & Company in management consulting and flexible workspace industry. He holds an MBA specialising in

finance from J.L. Kellogg School of Management, USA, and a bachelor's degree in economics from Shri Ram College of Commerce.

- **Pratik Agarwal (Chief Business Officer)** has 9+ years of experience in real estate leasing, sales and business development. He holds a Bachelor's degree in Science and Diploma in Economics from University of London.

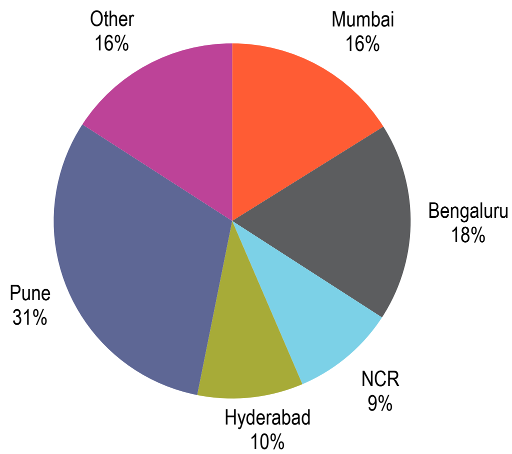
Business

SMARTWORKS leases (from landlords) entire/large bare-shell properties in prime locations and assumes responsibility for both fit-outs and on-going building maintenance. The operator sources supply from Institutional (~24%) and non-institutional (~76%) landlords, including leasing greenfield supply. In addition to delivering space to tenants, they also offer value added services (VAS) and fit-out-as-a-service (FaaS) to improve monetisation of their workspaces.

Portfolio

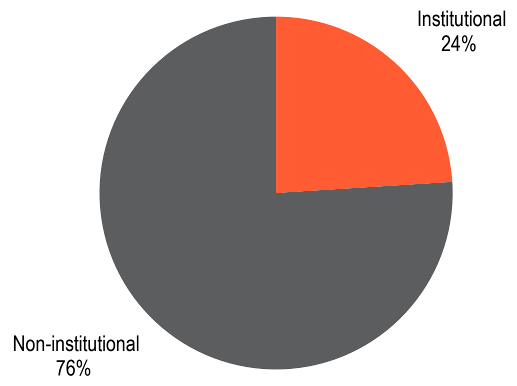
SMARTWORKS has 10.3msf of total leasable flex-workspace well diversified across the main markets driving flex-workspace demand. Over FY23-25, the operator increased leasable area and leasable seats by ~26% and improved blended occupancy by ~640bps signalling measured growth. Over the period, EBITDA margins improved by ~280bps, driven mainly by lower operating expenses resulting from economies of scale. The operator's space is mostly leased to IT/ITeS tenants (41%, see Fig 27) vs peers (~43% peer average).

Fig 24 – Well-diversified portfolio with significant presence in PUN



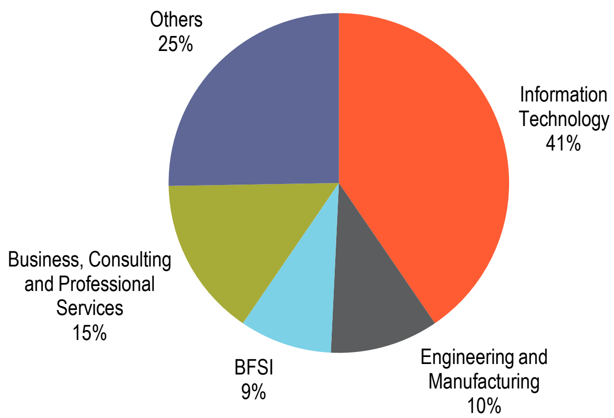
Source: Company, BOBCAPS Research

Fig 25 – Supply sourced from institutional and non-institutional landlords



Source: Company, BOBCAPS Research

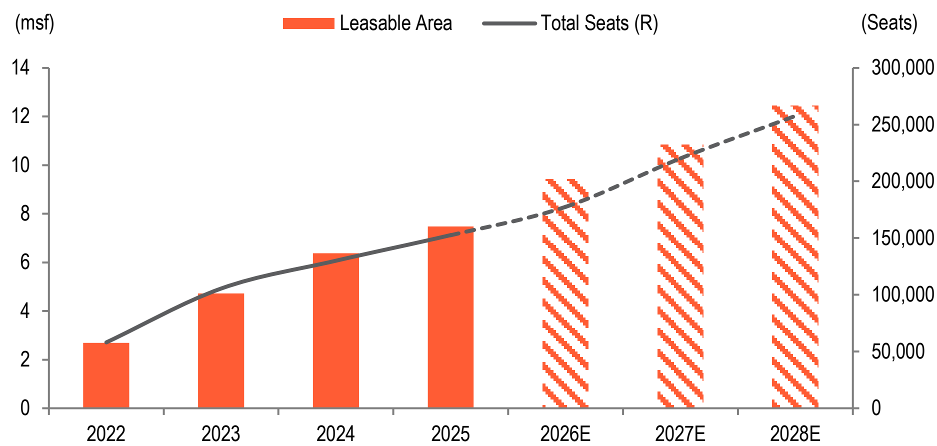
Fig 26 – Mostly leased to IT/ITeS



Source: Company, BOBCAPS Research

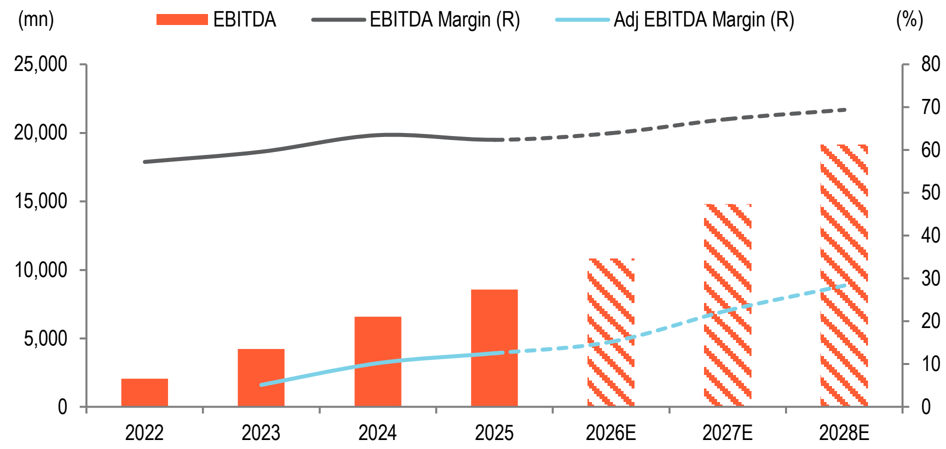
Over FY26E-28E, we expect SMARTWORKS to increase revenues by ~24.4%, as it continues to grow below full potential. We believe EBITDA margins are likely to improve by ~+470bps, driven by improvements in blended occupancy (~+375bps), higher monetisation of existing space (increased VAS) and continued improvements to margins driven by economies of scale.

Fig 27 – Operating area to increase by +18.6% CAGR



Source: Company, BOBCAPS Research

Fig 28 – Adj. EBITDA margins to improve by ~+698bps



Source: Company, BOBCAPS Research

WeWork India Management Ltd (WEWORK)

WEWORK (majority owned and promoted by Embassy Group) provides premium, flexible, high-quality workspaces to a wide range of companies/individuals. The operator benefits from strong brand recall and offers a mix of custom designed buildings, floors and offices, enterprise office suites, customised managed offices, private offices, co-working spaces and hybrid digital solutions. WEWORK has a diversified portfolio with significant presence in BLR (~42% of leasable area).

Fig 29 – WEWORK Snapshot

WeWork	2023	2024	2025	2Q26
Operational Centres	43	53	65	70
Operational Area (msf)	5.54	6.33	7.4	7.7
Avg. Centre Size (msf)	0.13	0.12	0.11	0.11
Operational Seats	74240	89,154	109,572	114,500
Avg. Centre Size (seats)	1,727	1,682	1,686	1,636
Largest Sector (%)	IT (33%)	IT (33%)	IT (34%)	IT (35%)
Average Tenure	22	23	26	27
Occupancy (%)	83.78	82.04	76.79	80.20
Total clients	2,315	2,273	2,198	NA

Source: Company, BOBCAPS Research

Investment Rationale

- WEWORK operates a premium portfolio of 8.7msf (total leasable area), concentrated in BLR (~42% of leasable area) with material presence in other markets driving demand for flex-workspaces. We believe the company benefits from strong brand recall and its aspirational positioning.
- The operator benefits from its scale and its premium offering, helping deliver higher than average EBITDA margins (~62.3% over FY23-25) vs peers (~48.8). We believe WEWORK is well positioned to moderate growth in leasable area and improve occupancy within its workspaces to deliver higher revenue growth.
- WEWORK's business model skews toward co-working/hot desking, which by design results in volatile demand for workspaces and low visibility in earnings. We believe this poses significant risks to the business, which could be addressed if the operator were to allocate a higher portion of its leasable area to tenants leasing larger seat cohorts (resulting in longer lease terms).

WEWORK is managed by:

- **Karan Virwani (Managing Director & CEO)** was previously associated with Lounge Hospitality LLP and Embassy Property Developments working in the Chairman's office. He holds Bachelor's in Business Administration from the University of Kent.
- **Arnav S Gusain (Chief Supply Officer)** has been associated with WeWork India for 5+ years. Previously, he was with Embassy Property Developments as General Manager in Commercial Real Estate and with SJR Prime Corporation as Head of

Commercial and Retail. He holds Bachelor’s in Arts from Indira Gandhi National Open University.

- **Priti Shetty (Chief People and Culture Officer**) has been associated with WeWork India for 6+ years. Previously, she was associated with HSBC Electronic Data Processing, Flipkart Internet Private Limited and Shoppers Stop Ltd. She holds an MBA from the Institute of Technology and Management, Mumbai.

Business

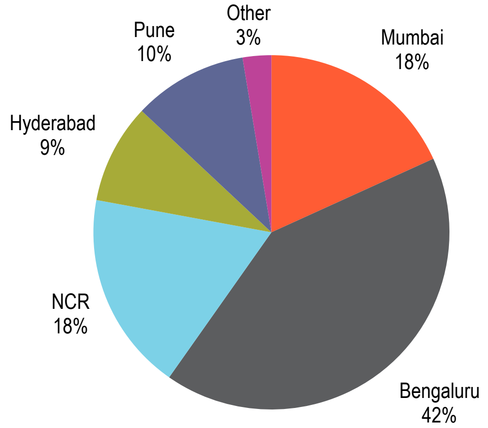
WEWORK operates a wide mix of flexible workspace solutions, including a mix of custom designed buildings, floors and offices, enterprise office suites, customised managed offices, private offices, co-working spaces, and hybrid digital solutions. Unique amongst its peers, they offer memberships that enable members access to space and facilities in any WEWORK flex-workspace across cities and countries. The operator further monetises its space by offering value added services like customisation of office spaces, parking and event spaces, advertising, food and beverage services and office infrastructure services. The operator also provides online products such as:

- *WeWork On Demand:* day passes for select WeWork India and WeWork Global locations
- *WeWork All Access:* monthly membership that enables global access
- *Virtual Office:* business address services
- *WeWork Workplace:* SaaS solutions for workspace management

Portfolio

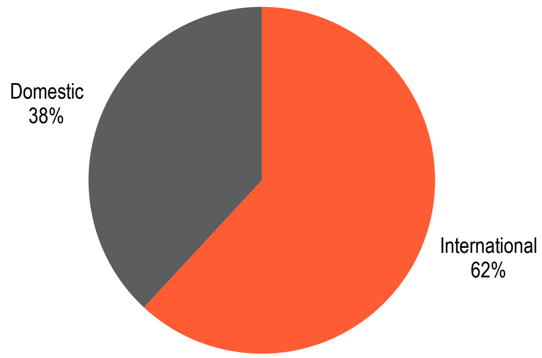
WEWORK has 7.7msf of operational leasable flex-workspace, concentrated mostly in BLR (~42% of leasable area) with material presence in the other major markets driving demand for flex-workspaces. Over FY23-25, the operator expanded operational leasable area by ~+17% but experienced a dip in blended occupancy of ~-699bps. We believe this is a result of a combination of unsustainable growth in leasable area (growth exceeding demand) and the operator’s business model (skewed toward co-working/hot-desking). Over the period, EBITDA margins improved by ~+300bps, driven mainly by higher services and ancillary revenue, and other add on services. The operator’s space is mostly leased to IT/ITeS tenants (34%, see Fig 27) but their exposure to the sector is lower than that of peers (~43% average).

Fig 30 – Mostly in BLR, with material presence in other major markets



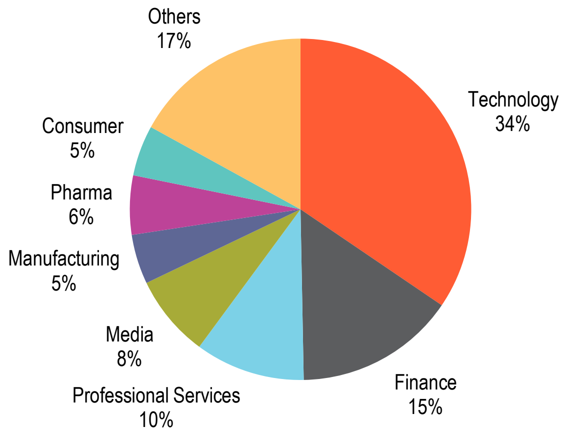
Source: Company, BOBCAPS Research

Fig 31 – Mostly leased to companies domiciled outside India



Source: Company, BOBCAPS Research

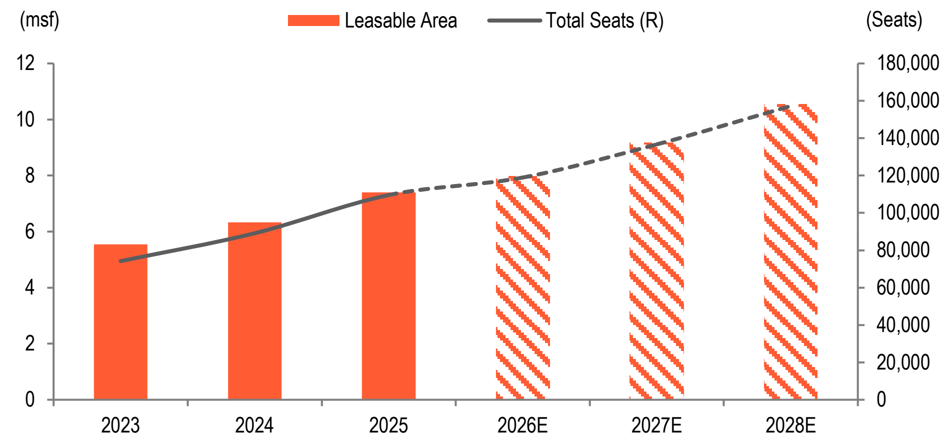
Fig 32 – Diverse tenant base



Source: Company, BOBCAPS Research

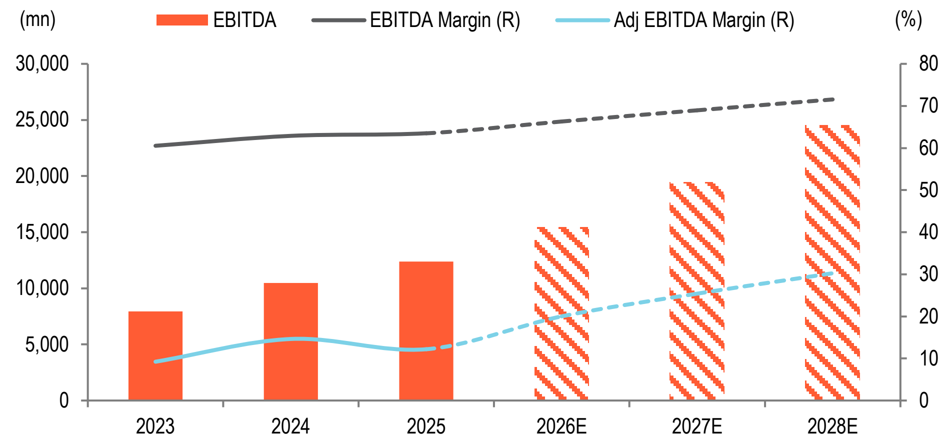
Over FY26E-28E, we expect WEWORK to increase revenues by ~20% as it moderates growth to promote efficient utilisation of its workspaces. We believe EBITDA margins are likely to improve by ~+800bps, driven mainly by improvements in blended occupancy (~+424bps).

Fig 33 – Growth in operational leasable area likely to moderate to +12.51% CAGR



Source: Company, BOBCAPS Research

Fig 34 – Margins to improve driven by higher blended occupancy



Source: Company, BOBCAPS Research

Awfis Space Solutions Ltd (AWFIS)

AWFIS provides a range of flexible workspace solutions from individual flexible desks to customised office spaces. The operator offers tiered offerings based on value and is actively shifting from a straight-lease model to an asset light, low-risk managed aggregation model (risk and expenses shared with the landlord). AWFIS has a well-diversified portfolio having the largest presence in BLR (~27% of leasable area), followed by MUM (~17% of leasable area).

Fig 35 – AWFIS Snapshot

AWFIS	2021	2022	2023	2024	2025	2Q26
Operational Centres	58	84	119	160	208	237
Operational Area (msf)	1.5	2.2	3.5	5.6	6.9	7.8
Avg. Centre Size (msf)	0.03	0.03	0.03	0.04	0.03	0.03
Operational Seats	30,253	46,152	68,203	95,030	134,121	161,000
Avg. Centre Size (seats)	522	549	573	594	645	679
Largest Sector (%)	IT (52%)	IT (44%)	IT (46%)	IT (48%)	IT (45%)	IT (45%)
Average Tenure	20	23	32	33	33	36
Occupancy (%)	59.32	63.05	74.98	71.00	73.00	74.00
Total clients	1,020	1,525	1,967	2,459	3,000	3,400

Source: Company, BOBCAPS Research

Investment Rationale

- a well-diversified portfolio of workspaces (~8msf) spread across all major markets driving demand for flex-workspaces. The relatively smaller size of its centres enables faster growth and promotes brand recall.
- The operator is unique in its strategy of signing managed aggregation contracts with landlords that enable fast, asset-light expansion. However, we believe AWFIS' pace of growth is unsustainable as it struggles with the lowest occupancy amongst peers (~73% vs peer average of ~79% over FY23-25), resulting in sub-optimal use of its workspaces.
- The business skews toward leasing space to co-working or hot-desking tenants that result in smaller tenant seat cohorts and shorter lease terms (~33 months), leading to volatility in demand and pressurised occupancy.

AWFIS is managed by:

- **Amit Ramani (Chairman and Managing Director)** has been associated with Awfis for 10+ years, with expertise in business process improvement, real estate, workplace management and design. He holds Master's in Real Estate and Workplace Strategy from Cornell University and is an alumnus of Kansas State University.
- **Sumit Lakhani (Chief Executive Officer)** brings diverse expertise from sectors such as private equity, IT services, and investment banking. Previously, he was associated with Yes Bank, Tesco, and ST Asset Management. He holds an MBA from S.P. Jain Centre of Management.

- **Manu Dhir (Chief Operating Officer)** has 25+ years of experience. He has been associated with AWFIS for over 10 years, involved in developing operational efficiency and strategic partnerships. He has previously held leadership positions in the healthcare, hospitality, and entertainment industries.

Business

The operator has workspace offerings to cater to varied seat cohorts, which can be contracted by their clients from one hour to several years. Core business consists of:

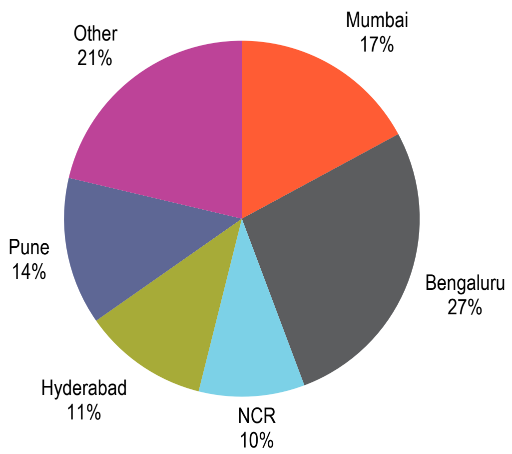
- *Co-working Solutions* - designed to meet the needs of clients seeking ready-to-move workspace solutions, available by the day, week, month, or year, or for a longer fixed term
  - *Enterprise Solutions* - tailored for businesses seeking customized office set-ups

The operator also generates revenue from ancillary services:

- *Awfis Transform*: construction and fit-out services
- *Awfis Care*: facility management services
- Allied services ranging from food & beverages, IT support and infrastructure services

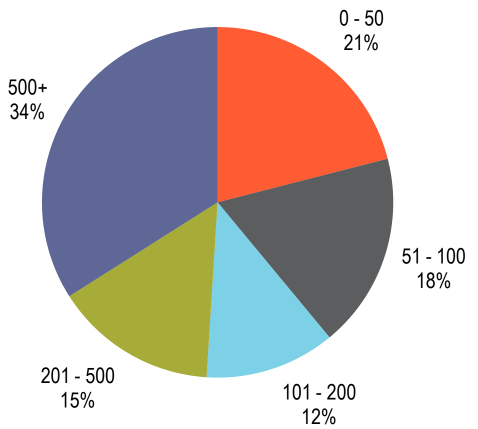
AWFIS has ~7.8msf of operational leasable flex-workspace well diversified across major markets driving demand for flex-workspaces. Over FY23-25, the operator increased operational leasable area by ~+40.4% (significantly higher than peers; ~25.8%) resulting in a dip in blended occupancy of ~-198bps. We believe this is a result of the unsustainable growth in leasable area (growth exceeding demand) and the operator’s business model (skewed towards co-working/hot-desking). However, EBITDA margins improved by ~+440bps, driven mainly by higher revenue from its construction and fit-out segment. The operator’s space is mostly leased to IT/ITeS tenants (45%, see Fig 27) — a level higher vs peer average (~43%).

Fig 36 – Well-diversified portfolio



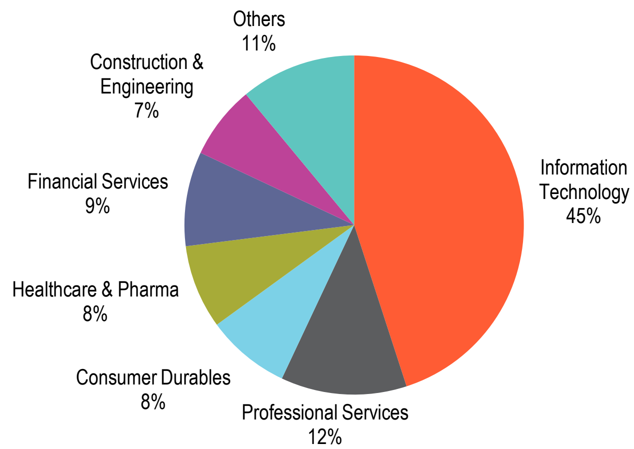
Source: Company, BOBCAPS Research

Fig 37 – ~51% of space leased to tenants taking up 200 seats or less



Source: Company, BOBCAPS Research

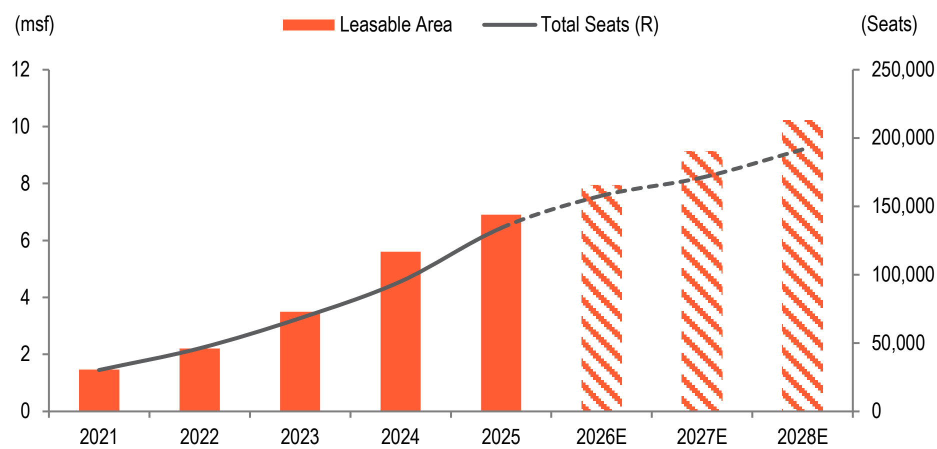
Fig 38 – High exposure to IT/ITeS



Source: Company, BOBCAPS Research

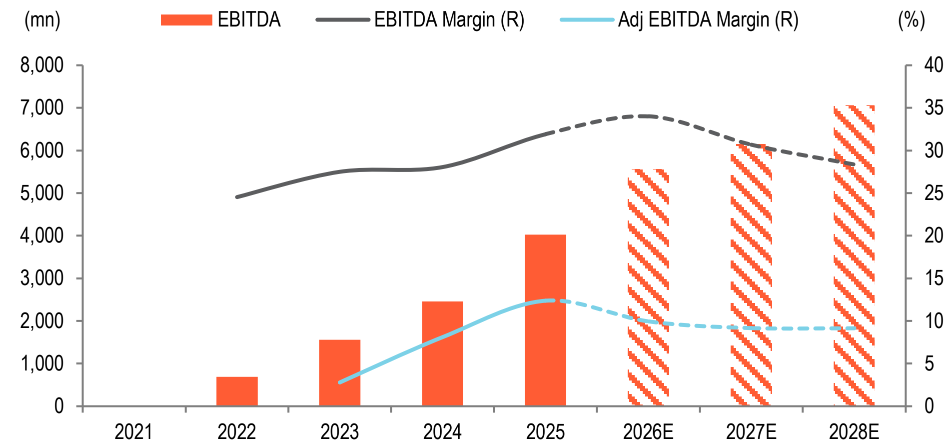
Over FY26E-28E, we expect AWFIS to increase revenues by ~25.5% as it moderates growth to promote efficient utilisation of its workspaces. We expect no material changes in the operator's operating metrics.

Fig 39 – Pace of growth to moderate to ~+14% CAGR



Source: Company, BOBCAPS Research

Fig 40 – No material change in operating metrics



Source: Company, BOBCAPS Research

Valuation: EV/Adj. EBITDA

As most of the flex-workspace operators report losses under IndAS, we believe that using EV/Adj. EBITDA multiples (applied to applied to 4Q27E-3Q28E Adj. EBITDA) to compare valuations is the most appropriate. To arrive at the implied multiple for each operator, we use the DCF method and make adjustments detailed below. Further details of our assumptions are listed below (Fig 42).

- **AWFIS** EV/Adj. EBITDA multiple been adjusted upward to reflect the advantage from a well-diversified portfolio of workspaces spread across all major markets driving demand for flex-workspaces.
- **WEWORK** EV/Adj. EBITDA multiple has been adjusted upward to reflect its strong brand recall and sizeable presence in BLR.
- **SMARTWORKS** EV/Adj. EBITDA multiple has been adjusted upward to reflect the benefits of its scale and its efficient operating metrics.
- **INDIQUBE** EV/Adj. EBITDA multiple has been adjusted upward to reflect the operator's superior operating metrics and sustainable pace of growth.

We believe that flex-workspace operators within our coverage should trade at an average 1Y forward EV/Adj. EBITDA multiple of ~12.5x, implying an average 1Y forward upside of ~+41.1%%.

Fig 41 – Valuation Assumptions

	AWFIS	WEWORK	SMARTWORKS	INDIQUBE
Effective Tax rate	25%	25%	25%	25%
r_f	6.57%	6.57%	6.57%	6.57%
r_m	15.04%	15.04%	15.04%	15.04%
Beta	1.17	0.71	0.38	1.38
r_e	16.5%	12.6%	9.8%	18.3%
r_d	13.8%	13.9%	10.0%	9.3%
D/D+E	0.6%	0.1%	4.5%	5.8%
E/D+E	99.4%	99.9%	95.5%	94.2%
WACC	16.4%	12.6%	9.7%	17.6%
5Q-8QE Adj. EBITDA	3,377.81	9,520.14	5,494.45	5,531.71
Implied EV/Adj. EBITDA Multiple	10.2x	9.5x	13.1x	4.6x
Justified EV/Adj. EBITDA multiple	**11.5x**	**11.5x**	**14.0x**	**13.0x**

Source: BOBCAPS Research, Bloomberg

Stock performance

Fig 42 – AWFIS

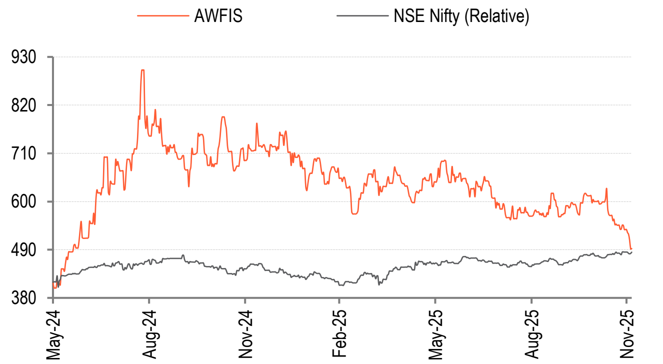


Fig 43 – INDIQUBEKS

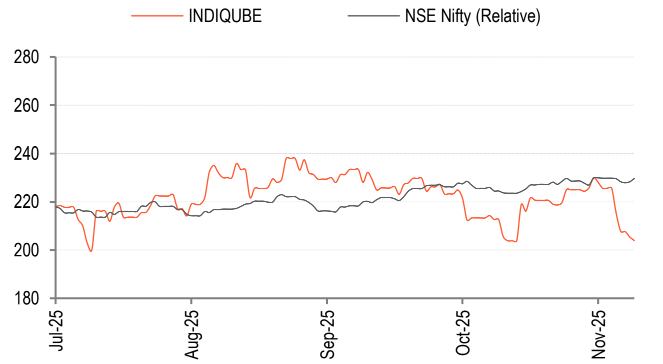


Fig 44 – SMARTWOR

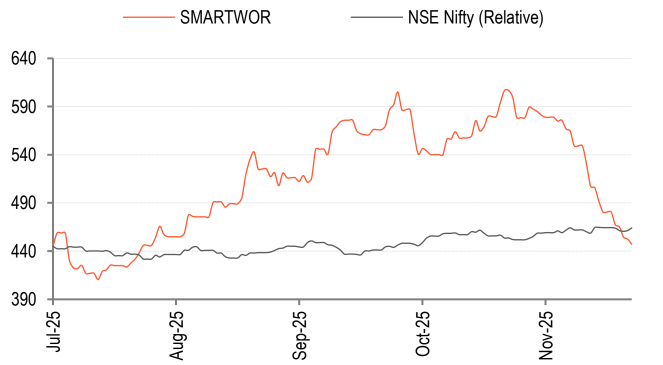
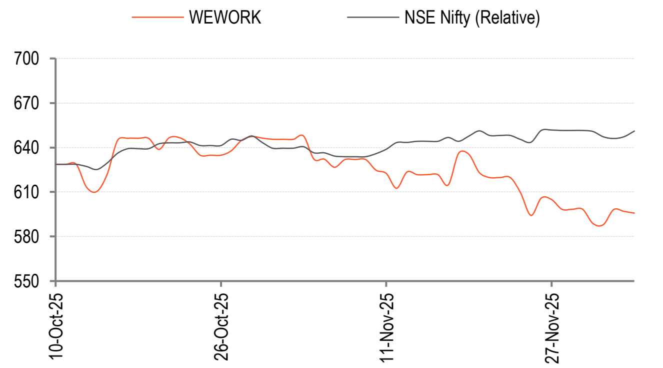


Fig 45 – WEWORK



Source: NSE

Financials – AWFIS

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**8,748**	**12,607**	**16,333**	**20,049**	**24,912**
EBITDA	2,454	4,024	5,555	6,148	7,064
Depreciation	(1,960)	(2,758)	(3,592)	(3,984)	(4,744)
EBIT	4,414	6,782	9,147	10,132	11,807
Net interest inc./(exp.)	(930)	(1,361)	(1,992)	(2,204)	(2,456)
Other inc./(exp.)	0	0	0	0	0
Exceptional items	0	251	0	0	0
EBT	(176)	688	1,085	1,472	1,743
Income taxes	0	9	25	32	38
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**(176)**	**679**	**1,060**	**1,440**	**1,705**
Adjustments	0	0	0	0	0
Adjusted net profit	**(176)**	**679**	**1,060**	**1,440**	**1,705**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,310	2,011	2,929	3,427	4,380
Other current liabilities	3,220	5,201	7,544	11,090	15,583
Provisions	63	86	100	100	100
Debt funds	6,594	12,736	14,812	15,857	17,581
Other liabilities	280	443	471	471	471
Equity capital	193	710	715	715	715
Reserves & surplus	2,321	3,883	5,073	6,513	8,218
Shareholders' fund	2,514	4,592	5,788	7,228	8,933
Total liab. and equities	**13,981**	**25,070**	**31,643**	**38,173**	**47,046**
Cash and cash eq.	44	400	1,819	4,879	9,641
Accounts receivables	748	1,208	1,621	1,966	2,422
Inventories	2	1	6	6	6
Other current assets	2,249	3,549	4,212	4,212	4,212
Investments	0	0	0	0	0
Net fixed assets	3,341	5,083	6,565	8,610	10,604
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	16,564	17,644	19,306
Total assets	**13,981**	**25,070**	**31,643**	**38,173**	**47,046**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**2,290**	**3,626**	**6,740**	**8,483**	**10,100**
Capital expenditures	(1,439)	(1,988)	(2,026)	(2,045)	(1,994)
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)**	**(1,875)**	**(2,045)**	**(1,994)**
Equities issued/Others	3,387	1,344	77	0	0
Debt raised/repaid	241	(89)	(191)	(32)	168
Interest expenses	(28)	(31)	(20)	(18)	(26)
Dividends paid	0	0	0	0	0
Other financing cash flows	(4,245)	(2,462)	(3,311)	(3,329)	(3,485)
Cash flow from financing	**(645)**	**(1,239)**	**(3,445)**	**(3,379)**	**(3,343)**
Chg in cash & cash eq.	**18**	**355**	**1,420**	**3,059**	**4,762**
Closing cash & cash eq.	**44**	**400**	**1,819**	**4,879**	**9,641**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(2.8)	9.8	14.8	20.1	23.8
Adjusted EPS	(2.8)	9.8	14.8	20.1	23.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	39.9	66.0	80.9	101.1	124.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.0	2.8	2.1	1.7	1.4
EV/EBITDA	14.2	8.7	6.3	5.7	5.0
Adjusted P/E	(176.5)	50.5	33.2	24.5	20.7
P/BV	12.3	7.5	6.1	4.9	3.9

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)	(4.0)	10.1	11.9	14.5	14.8
EBIT margin (EBIT/Revenue)	50.5	53.8	56.0	50.5	47.4
Asset turnover (Rev./Avg TA)	125.1	50.3	51.6	52.5	53.0
Leverage (Avg TA/Avg Equity)	5.6	5.5	5.5	5.3	5.3
Adjusted ROAE	(14.0)	14.8	18.3	19.9	19.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	54.6	44.1	29.5	22.8	24.3
EBITDA	57.8	64.0	38.1	10.7	14.9
Adjusted EPS	(65.6)	(449.5)	52.1	35.8	18.4
Profitability & Return ratios (%)					
EBITDA margin	28.1	31.9	34.0	30.7	28.4
EBIT margin	50.5	53.8	56.0	50.5	47.4
Adjusted profit margin	(2.0)	5.4	6.5	7.2	6.8
Adjusted ROAE	(14.0)	14.8	18.3	19.9	19.1
ROCE	187.6	152.4	173.4	171.8	174.8
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	1.3	0.5	0.5	0.5	0.5
Current ratio	0.7	0.7	0.7	0.8	0.8
Net interest coverage ratio	4.7	5.0	4.6	4.6	4.8
Adjusted debt/equity	4.6	4.5	4.5	4.3	4.3

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

Financials – INDIQUBE

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**8,677**	**11,029**	**15,133**	**20,080**	**25,153**
EBITDA	2,263	6,165	9,177	13,215	17,188
Depreciation	(3,922)	(4,871)	(6,308)	(8,072)	(10,155)
EBIT	6,186	11,037	15,486	21,287	27,343
Net interest inc./(exp.)	(2,560)	(3,304)	(4,610)	(6,607)	(8,350)
Other inc./(exp.)	0	0	0	0	0
Exceptional items	0	0	0	0	0
EBT	(3,848)	(1,573)	(1,027)	(485)	(92)
Income taxes	(433)	(177)	(397)	(353)	(353)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**(3,415)**	**(1,396)**	**(630)**	**(133)**	**261**
Adjustments	0	0	0	0	0
Adjusted net profit	**(3,415)**	**(1,396)**	**(630)**	**(133)**	**261**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	442	544	480	555	638
Other current liabilities	5,770	7,533	9,338	13,616	19,531
Provisions	70	114	140	140	140
Debt funds	1,001	2,225	2,043	1,734	426
Other liabilities	28,089	36,467	46,787	54,687	63,929
Equity capital	2	130	210	210	210
Reserves & surplus	1,305	(161)	5,215	5,399	6,030
Shareholders' fund	1,306	(31)	5,425	5,609	6,240
Total liab. and equities	**36,679**	**46,851**	**64,213**	**76,342**	**90,904**
Cash and cash eq.	4	59	845	2,283	4,356
Accounts receivables	593	787	1,113	1,439	1,803
Inventories	0	0	0	0	0
Other current assets	1,076	1,254	5,429	5,429	5,429
Investments	10	0	0	0	0
Net fixed assets	4,944	6,477	8,421	10,924	13,852
CWIP	736	1,143	1,065	1,381	1,751
Intangible assets	86	76	61	61	61
Deferred tax assets, net	1,006	1,264	1,556	1,556	1,556
Other assets	28,225	35,791	45,719	53,265	62,093
Total assets	**36,679**	**46,851**	**64,213**	**76,342**	**90,904**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**5,422**	**6,116**	**9,447**	**13,532**	**17,594**
Capital expenditures	(1,835)	(2,527)	(2,774)	(2,503)	(2,928)
Change in investments	(38)	(25)	(4,366)	0	0
Other investing cash flows	(53)	(37)	(3)	0	0
Cash flow from investing	**(1,927)**	**(2,590)**	**(7,143)**	**(2,503)**	**(2,928)**
Equities issued/Others	0	0	6,169	0	0
Debt raised/repaid	355	1,886	(2,216)	(1,345)	(1,309)
Interest expenses	(183)	(241)	(312)	(267)	(157)
Dividends paid	0	0	0	0	0
Other financing cash flows	(3,820)	(5,020)	(6,425)	(8,980)	(11,127)
Cash flow from financing	**(3,648)**	**(3,375)**	**(1,285)**	**(9,592)**	**(12,593)**
Chg in cash & cash eq.	**(153)**	**152**	**1,019**	**1,437**	**2,073**
Closing cash & cash eq.	**(326)**	**(174)**	**845**	**2,283**	**4,356**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(26.1)	(7.6)	(3.1)	(0.7)	1.3
Adjusted EPS	(26.1)	(7.6)	(3.1)	(0.7)	1.3
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	10.0	(0.2)	26.9	27.8	30.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.3	3.4	2.5	1.9	1.5
EV/EBITDA	16.5	6.1	4.1	2.8	2.2
Adjusted P/E	(7.8)	(26.7)	(65.3)	(310.5)	157.7
P/BV	20.4	(1,197.0)	7.6	7.3	6.6

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	88.7	88.8	61.4	27.3	(284.9)
Interest burden (PBT/EBIT)	(62.2)	(14.3)	(6.6)	(2.3)	(0.3)
EBIT margin (EBIT/Revenue)	71.3	100.1	102.3	106.0	108.7
Asset turnover (Rev./Avg TA)	47.3	47.1	23.6	26.3	27.7
Leverage (Avg TA/Avg Equity)	28.1	(1,506.0)	11.8	13.6	14.6
Adjusted ROAE	(522.9)	8975.7	(11.6)	(2.4)	4.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	44.3	27.1	37.2	32.7	25.3
EBITDA	(4.4)	172.4	48.9	44.0	30.1
Adjusted EPS	70.7	(70.7)	(59.2)	(79.0)	(297.0)
Profitability & Return ratios (%)					
EBITDA margin	26.1	55.9	60.6	65.8	68.3
EBIT margin	71.3	100.1	102.3	106.0	108.7
Adjusted profit margin	(39.4)	(12.7)	(4.2)	(0.7)	1.0
Adjusted ROAE	(522.9)	8975.7	(11.6)	(2.4)	4.2
ROCE	20.3	28.5	28.5	34.2	38.7
Working capital days (days)					
Receivables	26	27	25	25	25
Inventory	0	0	0	1	0
Payables	27	45	33	33	33
Ratios (x)					
Gross asset turnover	0.5	0.5	0.2	0.3	0.3
Current ratio	0.3	0.3	0.8	0.6	0.6
Net interest coverage ratio	2.4	3.3	3.4	3.2	3.3
Adjusted debt/equity	27.1	(1,507.0)	10.8	12.6	13.6

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

Financials – SMARTWOR

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**11,131**	**14,097**	**17,428**	**22,055**	**27,129**
EBITDA	6,597	8,573	10,725	14,051	17,757
Depreciation	(4,727)	(6,360)	(8,221)	(10,431)	(12,614)
EBIT	11,324	14,933	18,946	24,482	30,371
Net interest inc./(exp.)	(3,283)	(3,363)	(3,845)	(4,684)	(5,406)
Other inc./(exp.)	0	0	0	0	0
Exceptional items	0	0	0	0	0
EBT	8,312	11,923	15,520	20,301	25,569
Income taxes	(177)	(163)	(51)	(50)	(50)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**(500)**	**(632)**	**(713)**	**(363)**	**438**
Adjustments	0	0	0	0	0
Adjusted net profit	**(500)**	**(632)**	**(713)**	**(363)**	**438**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,220	1,159	2,005	2,372	2,821
Other current liabilities	8,330	11,007	14,001	19,940	27,335
Provisions	53	71	83	83	83
Debt funds	2,397	2,160	1,656	2,056	2,456
Other liabilities	28,971	31,032	40,890	46,500	52,951
Equity capital	790	1,032	1,143	1,143	1,143
Reserves & surplus	(290)	47	3,311	2,947	3,385
Shareholders' fund	500	1,079	4,453	4,090	4,527
Total liab. and equities	**41,471**	**46,509**	**63,089**	**75,042**	**90,173**
Cash and cash eq.	388	497	1,600	2,035	3,931
Accounts receivables	141	255	357	457	563
Inventories	0	0	0	0	0
Other current assets	2,123	1,801	3,478	3,478	3,478
Investments	113	110	66	66	66
Net fixed assets	9,639	11,380	15,693	20,521	26,074
CWIP	633	1,355	561	561	561
Intangible assets	161	175	178	178	178
Deferred tax assets, net	1,172	1,336	1,363	1,363	1,363
Other assets	27,102	29,601	39,794	46,384	53,962
Total assets	**41,471**	**46,509**	**63,089**	**75,042**	**90,174**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**7,433**	**9,285**	**11,801**	**15,019**	**18,802**
Capital expenditures	(2,663)	(2,910)	(3,766)	(4,828)	(5,553)
Change in investments	(109)	18	29	0	0
Other investing cash flows	850	132	(1,368)	0	0
Cash flow from investing	**(1,922)**	**(2,761)**	**(5,105)**	**(4,828)**	**(5,553)**
Equities issued/Others	684	1,168	4,451	0	0
Debt raised/repaid	(365)	(261)	(589)	750	750
Interest expenses	(537)	(417)	(322)	(356)	(431)
Dividends paid	0	0	0	0	0
Other financing cash flows	(5,554)	(6,867)	(8,757)	(10,150)	(11,673)
Cash flow from financing	**(5,772)**	**(6,377)**	**(5,216)**	**(9,756)**	**(11,353)**
Chg in cash & cash eq.	**(260)**	**147**	**1,480**	**434**	**1,896**
Closing cash & cash eq.	**(37)**	**111**	**1,600**	**2,035**	**3,931**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(5.2)	(6.2)	(6.3)	(3.2)	3.8
Adjusted EPS	(5.2)	(6.2)	(6.3)	(3.2)	3.8
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	0.0	0.0	39.0	35.8	39.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.1	3.3	2.6	2.1	1.7
EV/EBITDA	7.0	5.4	4.3	3.3	2.6
Adjusted P/E	(86.2)	(72.3)	(71.1)	(140.5)	116.6
P/BV	86,156.1	42,367.8	11.5	12.5	11.3

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	(6.0)	(5.3)	(4.6)	(1.8)	1.7
Interest burden (PBT/EBIT)	73.4	79.8	81.9	82.9	84.2
EBIT margin (EBIT/Revenue)	101.7	105.9	108.7	111.0	112.0
Asset turnover (Rev./Avg TA)	53.7	60.6	27.6	29.4	30.1
Leverage (Avg TA/Avg Equity)	82.9	43.1	14.2	18.3	19.9
Adjusted ROAE	(199.8)	(117.1)	(16.0)	(8.9)	9.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	49.6	26.6	23.6	26.5	23.0
EBITDA	55.6	30.0	25.1	31.0	26.4
Adjusted EPS	(51.0)	19.2	1.8	(49.4)	(220.4)
Profitability & Return ratios (%)					
EBITDA margin	59.3	60.8	61.5	63.7	65.5
EBIT margin	101.7	105.9	108.7	111.0	112.0
Adjusted profit margin	(4.5)	(4.5)	(4.1)	(1.6)	1.6
Adjusted ROAE	(199.8)	(117.1)	(16.0)	(8.9)	9.7
ROCE	35.5	43.5	40.2	46.4	50.6
Working capital days (days)					
Receivables	5	7	7	7	7
Inventory	0	0	0	0	0
Payables	147	102	142	142	142
Ratios (x)					
Gross asset turnover	2.1	2.4	1.1	1.2	1.2
Current ratio	0.3	0.2	0.3	0.3	0.3
Net interest coverage ratio	3.4	4.4	4.9	5.2	5.6
Adjusted debt/equity	81.9	42.1	13.2	17.3	18.9

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

Financials – WEWORK

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**17,372**	**20,240**	**23,723**	**28,784**	**34,952**
EBITDA	11,944	13,841	16,606	20,850	26,105
Depreciation	(7,442)	(8,237)	(9,719)	(11,811)	(14,201)
EBIT	19,386	22,079	26,325	32,660	40,305
Net interest inc./(exp.)	(5,077)	(5,979)	(6,278)	(6,870)	(7,856)
Other inc./(exp.)	0	0	0	0	0
Exceptional items	0	(459)	0	0	0
EBT	(1,361)	(1,568)	(136)	1,334	3,130
Income taxes	(3)	(2,850)	(5)	(7)	(7)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(33)	(20)	(12)	(11)	(11)
Reported net profit	**(1,358)**	**1,282**	**(132)**	**1,340**	**3,137**
Adjustments	0	0	0	0	0
Adjusted net profit	**(1,358)**	**1,282**	**(132)**	**1,340**	**3,137**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	732	516	575	644	717
Other current liabilities	12,133	13,411	17,917	22,914	29,270
Provisions	62	87	94	94	94
Debt funds	4,964	2,095	1,698	1,698	1,698
Other liabilities	31,313	35,803	40,298	46,144	52,867
Equity capital	548	1,340	1,340	1,340	1,340
Reserves & surplus	(4,923)	657	613	1,953	5,090
Shareholders' fund	(4,376)	2,005	1,961	3,302	6,438
Total liab. and equities	**44,828**	**53,917**	**62,543**	**74,795**	**91,085**
Cash and cash eq.	211	236	797	2,431	6,516
Accounts receivables	802	832	1,073	1,316	1,590
Inventories	1	7	6	6	6
Other current assets	4,303	3,539	3,666	3,666	3,666
Investments	0	21	43	43	43
Net fixed assets	6,747	9,085	10,414	14,903	20,066
CWIP	149	337	424	424	424
Intangible assets	29,255	34,043	39,317	45,203	51,971
Deferred tax assets, net	0	2,850	2,852	2,852	2,852
Other assets	3,361	2,969	3,951	3,951	3,951
Total assets	**44,828**	**53,917**	**62,543**	**74,795**	**91,085**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**11,619**	**12,900**	**15,764**	**19,851**	**24,998**
Capital expenditures	(2,445)	(3,723)	(3,089)	(4,490)	(5,163)
Change in investments	(244)	57	(183)	0	0
Other investing cash flows	(1,245)	629	(902)	(999)	(1,149)
Cash flow from investing	**(3,934)**	**(3,037)**	**(4,174)**	**(5,489)**	**(6,312)**
Equities issued/Others	0	5,013	0	0	0
Debt raised/repaid	2,000	(3,273)	1,466	0	0
Interest expenses	(890)	(751)	(429)	(429)	(429)
Dividends paid	0	0	0	0	0
Other financing cash flows	(8,245)	(10,008)	(10,774)	(12,299)	(14,172)
Cash flow from financing	**(7,973)**	**(9,838)**	**(11,029)**	**(12,728)**	**(14,601)**
Chg in cash & cash eq.	**(289)**	**25**	**562**	**1,634**	**4,085**
Closing cash & cash eq.	**211**	**236**	**797**	**2,431**	**6,516**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	(10.7)	9.9	(1.0)	10.0	23.4
Adjusted EPS	(10.7)	9.9	(1.0)	10.0	23.4
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	(34.6)	15.6	14.6	24.6	48.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.6	3.9	3.4	2.8	2.3
EV/EBITDA	6.7	5.8	4.8	3.8	3.1
Adjusted P/E	(55.5)	60.0	(592.7)	59.8	25.5
P/BV	(17.2)	38.1	40.7	24.2	12.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	99.8	(81.8)	96.7	100.5	100.2
Interest burden (PBT/EBIT)	(7.0)	(7.1)	(0.5)	4.1	7.8
EBIT margin (EBIT/Revenue)	111.6	109.1	111.0	113.5	115.3
Asset turnover (Rev./Avg TA)	77.5	75.1	37.9	38.5	38.4
Leverage (Avg TA/Avg Equity)	(10.2)	26.9	31.9	22.7	14.1
Adjusted ROAE	15.5	32.0	(1.7)	10.1	12.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	22.1	16.5	17.2	21.3	21.4
EBITDA	21.8	15.9	20.0	25.6	25.2
Adjusted EPS		(526.3)	(4.5)	1701.2	516.0
Profitability & Return ratios (%)					
EBITDA margin	68.8	68.4	70.0	72.4	74.7
EBIT margin	111.6	109.1	111.0	113.5	115.3
Adjusted profit margin	(7.8)	6.3	(0.6)	4.7	9.0
Adjusted ROAE	15.5	32.0	(1.7)	10.1	12.2
ROCE	242.6	220.8	239.0	255.0	263.9
Working capital days (days)					
Receivables	18	16	16	16	16
Inventory	41	53	100	64	59
Payables	43	26	26	26	26
Ratios (x)					
Gross asset turnover	0.8	0.8	0.4	0.4	0.4
Current ratio	0.4	0.3	0.3	0.3	0.4
Net interest coverage ratio	3.8	3.7	4.2	4.8	5.1
Adjusted debt/equity	(11.2)	25.9	30.9	21.7	13.1

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

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

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Other disclaimers

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

Distribution into the United Kingdom ("UK"):

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("**MSL**") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as **"MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

No distribution into the US:

This report will not be distributed in the US and no US person may rely on this communication.

Other jurisdictions:

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.