

12 August 2025

India | Equity Research | Results Update

Awfis Space Solutions

Real Estate

Growth to accelerate

Awfis Space Solutions (Awfis) delivered another strong quarter with Q1FY26 revenue growing 30% YoY, while IGAAP EBITDA of INR 480mn grew 60% YoY and mature centre occupancy (>12 months) stood at 84%. As of Jun'25, Awfis had 140,000 operational seats, and it is on track to reach over 170,000 operational seats by Mar'26. It guides for FY26 revenue growth of 30%, in line with I-Sec's estimate, and a marginal increase in IGAAP EBITDA margin. We estimate it to deliver 33% IGAAP EBITDA CAGR over FY25–27 and retain **BUY** with a revised TP of INR 891 (earlier INR 1,019), based on 20x Mar'27E (earlier 23x) IGAAP EBITDA of INR 3bn and adding net cash of INR 2.3bn.

Robust revenue traction; EBITDA margin sustains in mid-teens

Awfis reported Q1FY26 consolidated revenue of INR 3.4bn, up 30% YoY, with overall occupancy at 73% and mature centre occupancy (>12 months) at 84%. It has started disclosing the IGAAP EBITDA (post all lease rental payments not captured under IND-AS income statement) since Q2FY25 and its FY25 IGAAP EBITDA stood at INR 1.7bn (up 2.5x YoY) with an IGAAP EBITDA margin of 13.9% vs. FY24 IGAAP EBITDA of INR 0.7bn at 8.1% EBITDA margin. Q1FY26 IGAAP EBITDA of INR 480mn grew 60% YoY at an EBITDA margin of 14.5%. The company attributes its mid-teen margin to higher operational efficiencies. As of Jun'25, it had 140,000 operational seats and 25,000 seats under fit-out/signed Lols (total 165,000 operational + committed pipeline) and is on track to reach over 170,000 operational seats by Mar'26.

Strong revenue and EBITDA CAGRs over FY25–27E

Awfis' strategy for expansion through the asset-light MA route, along with a combination of SL contracts, should enable it to grow operational seats at a 35% CAGR over FY24–27E. We assume minimal blended occupied seat price increase (4–5% like-to-like) over FY24–27E with a steady state operational portfolio occupancy of 72–23% over FY25–27E as new centres take 6–12 months to fully mature. We estimate the company to deliver 28% revenue CAGR over FY25–27 driven largely by seat expansion across cities. At the same time, we estimate it may clock a 33% IGAAP EBITDA CAGR over FY24–27 with EBITDA margin rising to 15% by FY27 from 8.1% in FY24, as the business sees operations of scale/higher contribution of non-seat revenue.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	8,488	12,075	15,704	19,823
IGAAP EBITDA	680	1,676	2,213	2,975
IGAAP EBITDA Margin (%)	8.1	13.9	14.1	15.0
Net Profit	(176)	679	1,357	1,302
EPS (INR)	(2.8)	9.8	19.5	18.8
P/B (x)	0.0	8.5	6.5	5.4
P/E (x)	NM	57.1	28.6	29.8
EV/EBITDA (x)	NM	22.0	16.5	12.3
RoCE (%)	24.8	57.8	61.6	61.2
RoE (%)	(8.4)	12.3	26.7	20.5

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Market Data

Market Cap (INR)	40bn
Market Cap (USD)	454mn
Bloomberg Code	AWFIS IN
Reuters Code	AWFI.BO
52-week Range (INR)	946 /546
Free Float (%)	69.0
ADTV-3M (mn) (USD)	2.5

Price Performance (%)	3m	6m	12m
Absolute	(6.6)	(16.5)	(19.8)
Relative to Sensex	(8.0)	(22.2)	(20.9)

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

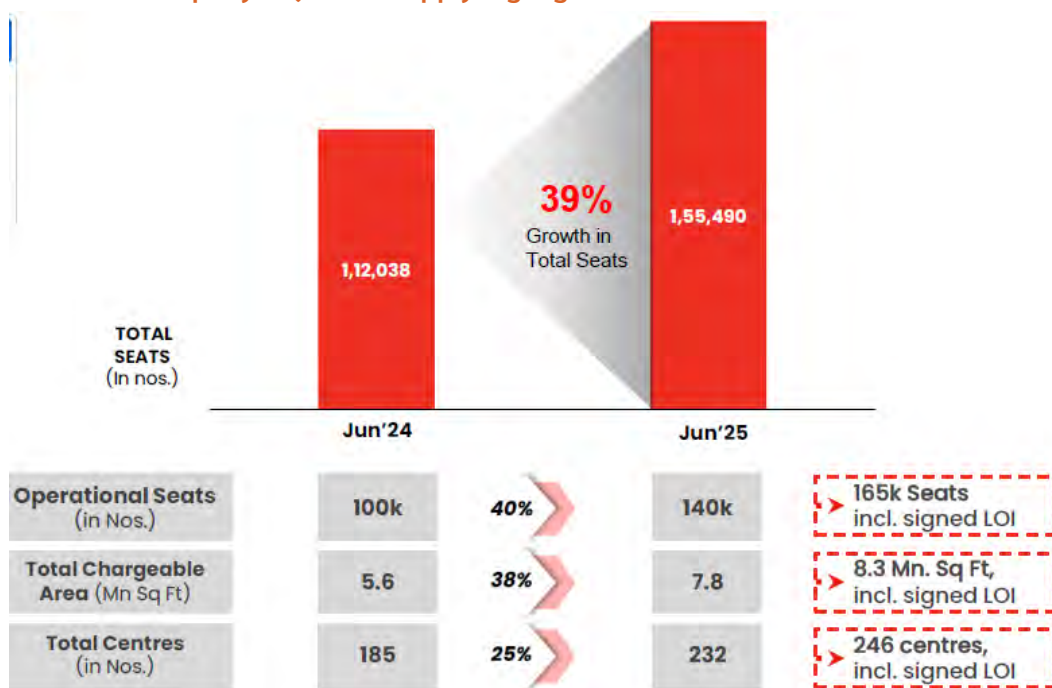
Previous Reports

27-05-2025: [Q4FY25 results review](#)12-02-2025: [Q3FY25 results review](#)

Exhibit 1: Q1FY26 consolidated result snapshot

(INR mn)	Q1FY26	Q1FY25	Q4FY25	YoY (%)	QoQ (%)
Total Operating income	3,347	2,577	3,397	29.9	(1.5)
Raw Materials	544	631	660	(13.8)	(17.5)
Personnel Cost	296	391	295	(24.3)	0.3
Other Expenses	1,241	764	1,283	62.4	(3.2)
Total Expenses	2,082	1,787	2,238	16.5	(7.0)
INDAS EBITDA	1,265	790	1,159	60.1	9.2
INDAS EBITDA margin (%)	37.8	30.7	34.1	713.7	368.1
IGAAP EBITDA	480	300	480	60.0	0.0
IGAAP EBITDA Margin (%)	14.3	11.6	14.1	270.2	21.0
Interest (Net)	460	281	427	63.7	7.8
Depreciation	885	583	811	51.8	9.2
Other Income	183	101	198	81.0	(7.2)
Exceptional items	0	0	2	NM	NM
Profit Before Tax	104	28	121	272.2	(14.4)
Taxation	4	0	9	NM	NM
Profit After Tax before MI/Associate	100	28	112	257.9	(11.2)
MI/Associate share	-	-	-		
Reported PAT	100	28	112	257.9	(11.2)
Net margin (%)	3.0	1.1	3.3	NM	NM

Source: I-Sec research, Company data

Exhibit 2: Company's Q1FY26 supply highlights

Source: Company, I-sec research, *Numbers are for Total Chargeable Area and Centres, which includes operational and under fitout, 2 LOI refers to Letters of Intent signed with space owners

Exhibit 3: Company's shift to high-quality supply

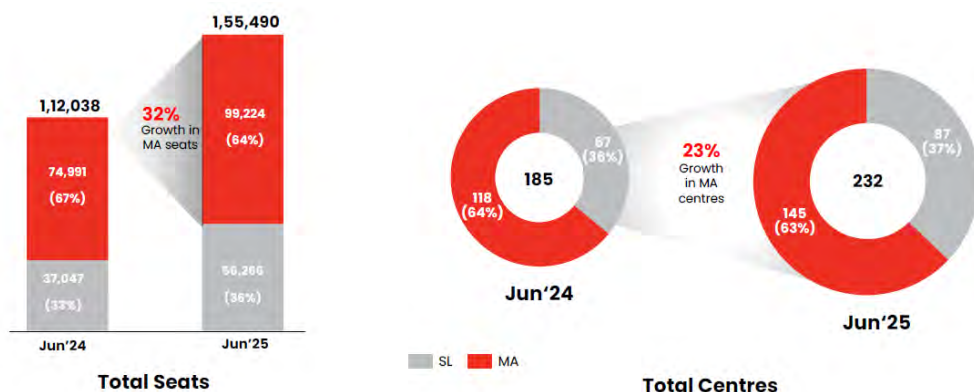


Exhibit 4: Company's occupancy and tenure profile

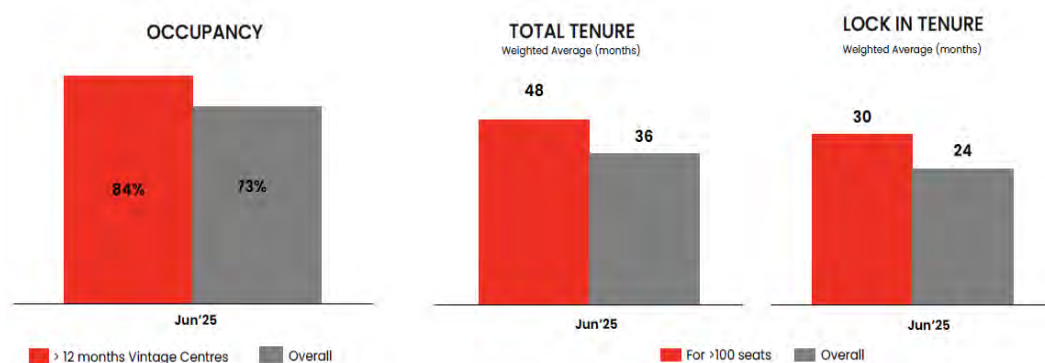
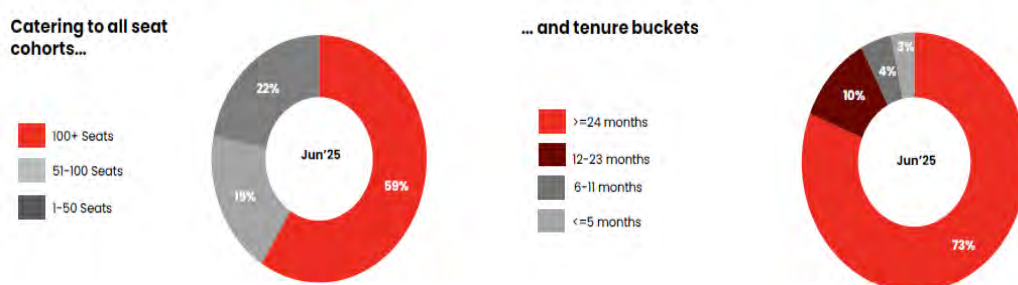


Exhibit 5: Company's Q1FY26 demand mix



Financial Analysis

Owing to the competitive nature of the Indian co-working/flex spaces market and as flex operators expand into tier II cities as well, we believe space addition along with pre-leasing/tie-ups with enterprise clients would be the key revenue driver over the medium term. We also expect a sector consolidation story in due course with larger organised and branded players taking up centres from smaller players, as clients gravitate towards branded players across cities in India.

In this context, Awfis' strategy for expansion through the asset-light MA route along with a combination of SL contracts should enable the company to grow operational seats at a 34% CAGR over FY24–27E. We assume minimal blended occupied seat price increase (4–5% like-to-like) over FY24–27E with a steady state operational portfolio occupancy of ~73% over FY25–27E, as new centres take 6–12 months to fully mature.

Note: As per the existing accounting standards, under IND-AS, lease payment paid to space owners/landlords by co-working/flexible space operators is accounted below reported IND-AS EBITDA under line items of financial expenses and depreciation which does not give an accurate picture of EBITDA growth and EBITDA margin. Hence, we have calculated IGAAP EBITDA and EBITDA margin which factor in the actual lease payments for the period.

Exhibit 6: Awfis key assumptions

(INR mn)	FY24A	FY25A	FY26E	FY27E
End of Period # of Total Operational Seats	95,030	1,34,121	1,77,423	2,26,725
End of Period # of Occupied Seats	67,149	97,908	1,27,745	1,63,242
Blended Occupancy %	71%	73%	72%	72%
Avg. Monthly Price per Occupied Seat	7,866	8,338	8,421	8,506
YoY Growth (%)	8.1	6.0	1.0	1.0

Source: Company data, I-Sec research

We estimate the company to deliver 28% revenue CAGRs over FY25–27E driven largely by seat expansion across cities. At the same time, we estimate it to clock a 33% IGAAP EBITDA CAGR over FY25–27 with EBITDA margin rising to 15% by FY27 from 8.1%, as of FY24, as the business sees operations of scale, higher contribution of non-seat revenue and cost optimisation initiatives in existing centres.

With the company having estimated net cash balance of INR 0.4bn as of FY24 and IPO proceeds of INR 1.3bn in Q1FY25, we expect it to generate adequate IGAAP EBITDA each year between FY25–27E to match its capex, and thereby, retain an average annual net cash balance of over INR 2.2bn between FY25–27E.

Valuation

Awfis has a unique business model. While the company does not act as a land aggregator or landlord of office space, it focuses on providing services to its clients on demand side and also partners with space owners/landlords on supply side. With Awfis being the first co-working/flexible workspace company in India, there is also limited scope for comparison with industry peers. Hence, we believe Awfis is more comparable to listed hotel peers.

We believe given Awfis' superior RoCE profile, which is likely to consistently range over 50% FY26E onwards and net cash balance sheet combined with an estimated 33% EBITDA CAGR over FY25–27E, an EV/EBITDA of multiple of 20x is justified in line with hotel peers.

We retain our BUY rating with a revised TP of INR 891 (earlier INR 1,019) based on 20x Mar'27E (earlier 23x) IGAAP EBITDA of INR 3bn and adding net cash of INR 2.3bn.

Key risks: Slowdown in overall office leasing across India and pricing competition among co-working flexible workspace operators.

Exhibit 7: Valuation of Awfis Space Solutions (Awfis)

Mar'27E IGAAP EBITDA (INR mn)	2,975
Awfis Enterprise Value (EV) in INR mn (20x EV/EBITDA)	59,503
Add: Net Cash as of Mar'27E (INR mn)	2,349
Awfis Equity Value (INR mn)	61,852
Equity Value per Share (INR)	891

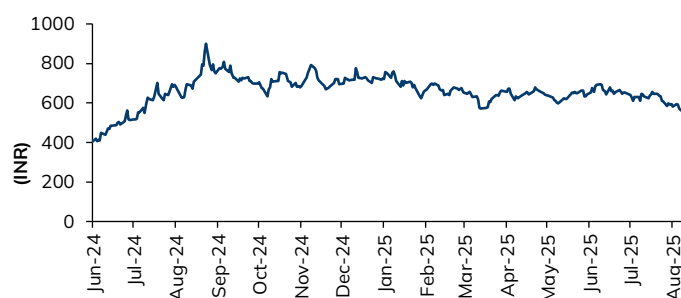
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	20.4	20.4	20.3
Institutional investors	49.7	52.7	54.0
MFs and others	19.2	24.3	29.5
FIs/Banks	7.1	7.1	0.8
Insurance	1.2	2.0	2.3
FIIIs	22.2	19.3	21.5
Others	29.9	26.9	25.7

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	8,488	12,075	15,704	19,823
Operating Expenses	6,034	8,052	10,363	13,091
EBITDA	2,454	4,024	5,341	6,732
EBITDA Margin (%)	28.9	33.3	34.0	34.0
IGAAP Adjusted EBITDA	680	1,676	2,213	2,975
IGAAP Adjusted EBITDA Margin (%)	8.1	13.9	14.1	15.0
Depreciation & Amortization	1,960	2,758	2,639	3,103
Interest expenditure	930	1,360	1,806	2,280
Other Non-operating Income	260	532	559	587
Exceptional items	-	(251)	50	50
Recurring PBT	(176)	688	1,405	1,886
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	-	9	48	585
PAT	(176)	679	1,357	1,302
Less: Minority Interest	-	-	-	-
Net Income (Reported)	(176)	679	1,357	1,302
Net Income (Adjusted)	(176)	428	1,407	1,352

Source Company data, I-Sec research, *post lease rental expenses

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	4,734	8,895	8,471	10,077
of which cash & cash eqv.	49	2,127	2,472	2,683
Total Current Liabilities & Provisions	4,130	5,939	6,870	8,456
Net Current Assets	604	2,955	1,601	1,620
Investments	-	-	-	-
Net Fixed Assets	3,364	5,112	5,346	7,711
ROU Assets	5,800	165	165	165
Capital Work-in-Progress	82	9,588	14,285	17,997
Total Assets	9,850	17,820	21,396	27,493
Liabilities				
Borrowings	322	234	134	34
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	7,014	12,994	15,313	20,208
Equity Share Capital	193	710	710	710
Reserves & Surplus	2,321	3,883	5,239	6,541
Total Net Worth	2,514	4,592	5,949	7,251
Minority Interest	-	-	-	-
Total Liabilities	9,850	17,820	21,396	27,493

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	2,395	4,114	5,696	6,078
Working Capital Changes	(112)	(497)	(189)	569
Capital Commitments	(1,451)	(2,068)	(2,049)	(2,365)
Free Cashflow	832	1,548	3,459	4,282
Other investing cashflow	(169)	37	-	-
Cashflow from Investing Activities	(1,620)	(2,031)	(2,049)	(2,365)
Issue of Share Capital	-	1,344	-	-
Interest Cost	(807)	(1,293)	(1,748)	(2,258)
Inc (Dec) in Borrowings	213	(121)	(100)	(100)
Dividend paid	-	-	-	-
Others	(938)	(1,169)	(1,266)	(1,712)
Cash flow from Financing Activities	(645)	(1,239)	(3,114)	(4,071)
Chg. in Cash & Bank balance	18	346	344	212
Closing cash & balance	49	2,127	2,472	2,683

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Adjusted EPS (Diluted)	(2.8)	9.8	19.5	18.8
Cash EPS	28.4	49.5	57.6	63.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	40.0	66.1	85.7	104.4
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	55.7	42.3	30.1	26.2
EBITDA	NM	146.5	32.0	34.4
EPS (INR)	NM	NM	228.4	(3.9)
Valuation Ratios (x)				
P/E	NM	57.1	28.6	29.8
P/BV	NM	8.5	6.5	5.4
EV / EBITDA	NM	22.0	16.5	12.3
P / Sales	NM	3.1	2.3	1.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
IGAAP EBITDA Margins (%)	9.2	13.9	14.1	15.0
Net Profit Margins (%)	(2.1)	5.6	8.6	6.6
Net Debt / Equity (x)	0.1	(0.4)	(0.4)	(0.4)
Net Debt / EBITDA (x)	0.5	0.1	0.1	0.0
Profitability Ratios				
RoCE (%)	20.2	57.8	61.6	61.2
RoE (%)	(8.4)	12.1	26.7	20.5

Source Company data, I-Sec research

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