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Pune E-Stock Broking Limited

IPO Note

WeWork India Management Ltd.

Rating: **AVOID**

➢ About

Launched in 2017, WeWork India Management Ltd. provide flexible, high-quality workspaces to their customers (members) which include companies of all sizes- large enterprises, small and mid-size businesses, startups, as well as individuals. They have established multi-asset relationships with various prominent developers across major Tier 1 cities and lease primarily Grade A office space from such developers. WeWork designs, builds, and operates them as flexible workspaces as per global standards.

➢ Investment Thesis

- **Market Leadership with Premium Positioning:** WeWork India is the largest premium flexible workspace operator in the country, offering an average pricing of ₹20,000 per desk, which is slightly over 2x peers. This pricing power reflects its strong brand equity, quality of spaces, and focus on enterprise clients. Backed by Embassy Group, the company benefits from access to premium assets and long-term leasing synergies. However, it pays a 2.5% annual management fee to WeWork Global in perpetuity, which could weigh slightly on long-term profitability.
- **Diversified Business Model with Expanding Services Segment:** The company derives around 11% of revenue from its services business, which includes managed office solutions and on-demand offerings. This segment is expected to grow faster, providing asset-light, higher-margin income streams.
- **Healthy Unit Economics and Margin Upside:** With a revenue-to-rent multiple of ~2.5x, WeWork India enjoys superior operating efficiency compared to peers. Management has guided for 400–500 bps margin expansion over the medium term, supported by rising occupancy, maturing centres, and tighter cost control.
- **Financial Analysis:** The company has demonstrated steady revenue growth from ₹1,315 crore in FY23 to ₹1,949 crore annualized in FY25, supported by consistent EBITDA margins above 60%, indicating strong operating efficiency. While high depreciation and finance costs had earlier kept it loss-making, the company turned profitable in FY25. Additionally, it continues to generate strong and positive operating cash flows, reflecting healthy business fundamentals and efficient working capital management.
- **Tech-Led, Scalable Product Ecosystem:** WeWork India offers an extensive mix managed offices, coworking, WeWork On Demand, Virtual Office, and SaaS product “WeWork Workplace” catering to hybrid and enterprise demand. Its digital integration drives capital efficiency and cross-selling potential, enhancing scalability without proportionate capex.
- **Outlook:** The Company WeWork India, backed by Embassy Group, has built a leading position in the premium flexible workspace market operating across Tier 1 cities with 68 operating centres, leasable area of ~7.67 msf, over 114077 desk capacity, maintaining healthy occupancy rate of above 76%, steady revenue growth and a recent turnaround to profitability makes it a good investment option. However, at a post-issue P/E of 67.75x and EV/EBITDA of 7.25x, the valuation looks stretched with limited upside potential. We recommend to **AVOID** this issue until any opportunity in future.

IPO Details	
IPO Date	3 to 7 October, 2025
Listing Date	10-Oct-25
Issue Price Band	₹615 to ₹648
Lot Size	23 Shares
Sale Type	Offer For Sale
Total Issue Size	₹3,000.00 Cr
Share Holding Pre Issue	13,40,23,259 shares
Share Holding Post Issue	13,40,23,259 shares
Implied Market Cap	₹8,684.71Cr

Source- Company filing-RHP

Issue Break Up	
QIB Shares Offered	75%
Retail Shares Offered	10%
NII Shares Offered	15%

Source- Company filing-RHP

BRLMs
JM Financial Limited, ICICI Securities Limited, Jefferies India Private Limited, Kotak Mahindra Capital Company Limited, 360 ONE WAM Limited

Source- Company filing-RHP

Shareholding %	Pre-Issue	Post-Issue
Promoter	73.56%	48.07%
Public- Others	26.44%	51.93%
Total	**100.00%**	**100.00%**

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Analyst
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Associate

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Business Operations

Real Estate Lifecycle & Design

- **Property Sourcing:** The company's operations begin with securing Grade A properties in prime locations, using a comprehensive Standard Operating Procedure (SOP) for site selection, diligence, and leasing.
- **Asset Transformation & Fit-Out:** Upon leasing the bare-shell space, the company undertakes extensive fit-outs and developments to transform the properties. This process is crucial to make the space a "fully managed, modern, tech-enabled, and productive office".
- **Global Standards:** All workspaces are designed, built, and operated according to global standards , leveraging the Operations and Management Agreement (OMA) with the global partner, which dictates guidelines for procurement, construction, and design.
- **Portfolio Scale:** As of June 30, 2025, the company operates 68 Operational Centres across eight cities, covering 7.67 million square feet of Leasable Area.

Revenue Determinants & Profitability Metrics

- **Primary Revenue Driver:** The Revenue from Operations is primarily generated by charging membership fees for the use of workspaces. This revenue is a direct function of the number of occupied desks (members) and the premium pricing charged per desk.
- **Basis of Occupancy:** Occupancy is measured by the number of contracted desks ("Occupied Desks") within the Operational Centres, relative to the total "Desk Capacity in Operational Centres".
- **Occupancy Performance:** Total Desk Capacity across all Operational Centres was 114,077 desks as of June 30, 2025. Mature Centres (operational for over 12 months) maintain a high occupancy rate of 80.69%.

Products and Technology

- **Diverse Offerings:** Offers an extensive range of solutions, including enterprise office suites, managed offices, private offices, co-working spaces, and the WeWork All-Access pass.
- **Digital Integration:** The company integrates technology for efficiency and revenue, including the cloud-based video conferencing SaaS product Zoapi and the WeWork Workplace software.
- **Value-Added Services (VAS):** Seeks to diversify revenue by expanding VAS beyond core membership fees, which currently include parking, catering, meeting rooms, and printer access.

Sticky Member Base

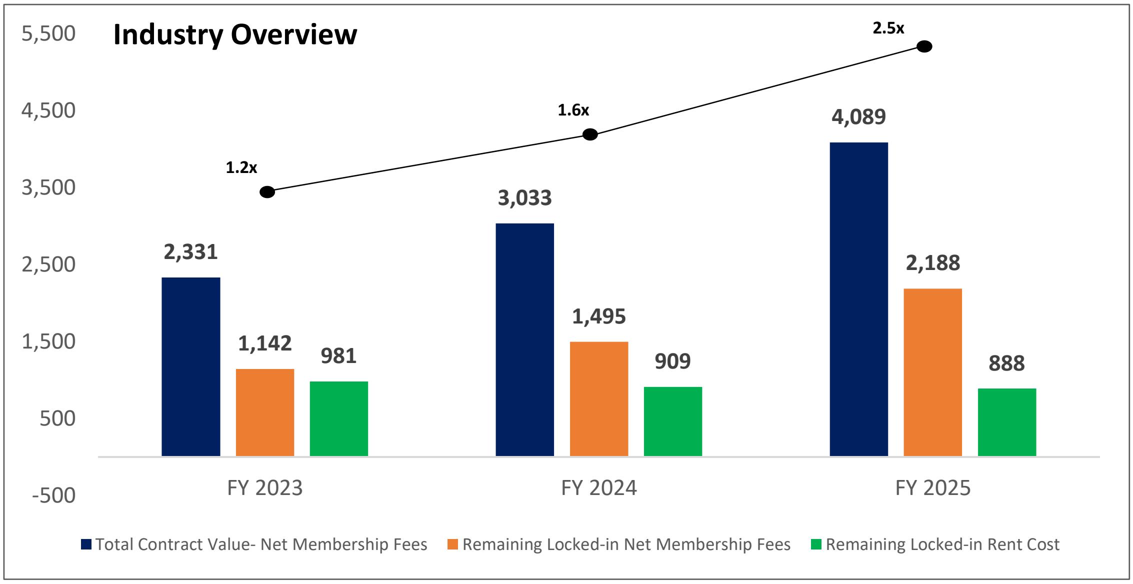
Source- Company filing-RHP, PESB Research

➢ Net Membership Fees derived from our members in our Core Operations by city

City	FY 2023			FY 2024			FY 2025		
	No. of members in core operations	Net membership fees (₹ Cr)	% of Net Membership fees	No. of members in core operations	Net membership fees (₹ Cr)	% of Net Membership fees	No. of members in core operations	Net membership fees (₹ Cr)	% of Net Membership fees
Benagluru	24,364	461	40%	29,479	600	41%	37,187	778	46%
Mumbai	17,068	351	31%	16,774	404	28%	12,305	404	24%
Other Cities	17,953	331	29%	22,243	455	31%	29,292	505	30%
Total	**59,385**	**1,144**	**100%**	**68,496**	**1,459**	**100%**	**78,784**	**1,686**	**100%**

Source- Company filing-RHP, PESB Research

➢ Locked-in Membership Fee Coverage vs Rent Obligations



Source- Company filing-RHP, PESB Research

Total Contract Value - Net Membership Fees for the depicted industry, which nearly doubled from ₹2,331 in FY 2023 to ₹4,089 in FY 2025. This growth is accompanied by an increasing revenue multiple, rising from 1.2x to 2.5x over the period, which is just below the more premium 2.7x multiple reportedly achieved by WeWork (often representing its revenue-to-rent multiple).

➢ Revenue Mix by Enterprise and Non-Enterprise

	FY 2023		FY 2024		FY 2025	
	Net Membership Fees (₹ Cr)	% of total membership fees	Net Membership Fees (₹ Cr)	% of total membership fees	Net Membership Fees (₹ Cr)	% of total membership fees
Enterprise Members	865	76%	1,112	76%	1,290	76%
Non-Enterprise Members	279	24%	347	24%	397	24%
Total	**1,144**	**100%**	**1,459**	**100%**	**1,686**	**100%**

Source- Company filing-RHP, PESB Research

WeWork India Management Ltd.

➢ Industry Overview

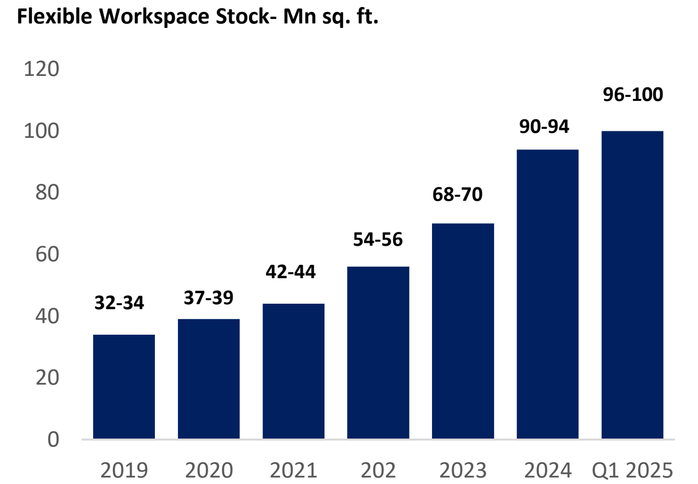
- **Sector Evolution:** The flexible workspace industry in India has transformed from small co-working setups into a mainstream component of the commercial real estate market. Since 2015, it has grown rapidly, driven by startups, SMEs, and large enterprises adopting hybrid and “core + flex” office strategies, especially post-pandemic.

- **Market Size and Growth:** As of Q1 CY2025, India’s flexible workspace stock stood at 96–100 million sq. ft., accounting for nearly 9-10% of total Grade-A office space. The market is projected to reach 140–144 million sq. ft. by 2027, implying a CAGR of ~18–20%.

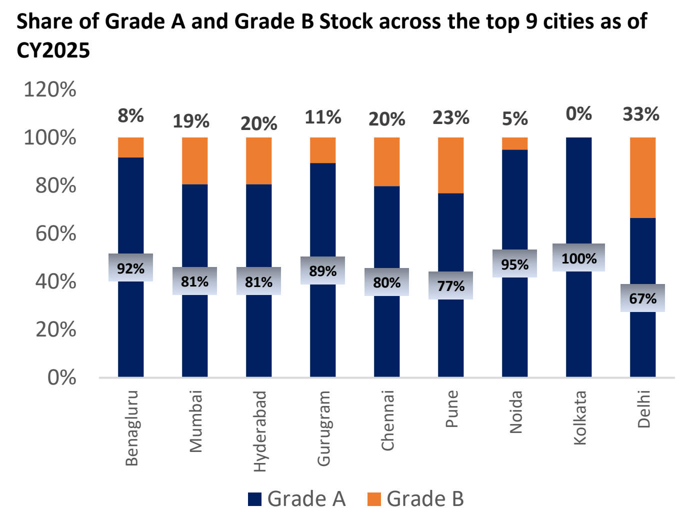
- **Demand Drivers:** Rising adoption of hybrid work models, focus on cost efficiency, and increasing preference for ready-to-use, tech-enabled offices are key growth enablers. Over 45–50% of demand now comes from large enterprises, compared to less than 10% in 2019, reflecting growing corporate acceptance.

- **Revenue Potential:** The Total Addressable Market (TAM) is estimated at ₹73,000–96,000 crore by 2027, supported by expanding occupier base and increasing per-seat monetization. Tier 1 cities; Bengaluru, Mumbai, Delhi-NCR, Hyderabad, Pune, and Chennai, contribute over 90% of total supply and demand.

- **Competitive Landscape:** The market is moderately consolidated, with leading players like WeWork India, Awfis, Smartworks, and Cowrks dominating premium segments. Operators are leveraging technology integration, enterprise customization, and wellness-led design to differentiate and retain clients.



Source- Company filing-RHP, PESB Research



Source- Company filing-RHP, PESB Research

➢ Management Overview

- **Karan Virwani- Chief Executive Officer (CEO):** Karan Virwani has been instrumental in establishing and scaling WeWork India since its inception in 2017, driving its transformation into a market leader in the flexible workspace segment. Under his leadership, the company expanded to over 6 million sq. ft. across key Indian cities, catering to both startups and Fortune 500 enterprises.
- **Jitendra Mohandas Virwani- Chairman and Promoter:** Jitendra Virwani is the Chairman and Managing Director of Embassy Group, one of India’s leading real estate developers with over 70 million sq. ft. of commercial real estate portfolio. With over three decades of experience in property development, he has been a key strategic force behind WeWork India’s growth and real estate partnerships.

➢ Risk Factors

- **High Dependence on Lease Commitments:** WeWork India operates on a long-term lease, short-term client model locking in 9–15 year property leases while offering flexible member contracts. A mismatch between lease obligations and occupancy levels could pressure margins and cash flows.
- **Concentration Risk in Metro Markets:** Nearly 80% of its portfolio is concentrated in Bengaluru, Mumbai, and Delhi NCR. Any slowdown in demand or rise in vacancy in these regions could significantly impact revenue and profitability.
- **Limited Profitability Track Record:** Despite strong revenue growth, WeWork India's historical financials show periods of losses and thin margins, driven by high rental expenses and expansion costs. Sustained profitability will depend on achieving higher occupancy, rental yields, and cost discipline.
- **Reliance on Enterprise Clients:** With over 75% of revenue coming from large enterprises, the loss or downsizing of a few anchor clients could materially affect occupancy and reduce recurring income visibility.
- **Brand and Technology Dependence on WeWork Global:** The company licenses its brand and platform from WeWork International. Any termination or reputational issue involving the global entity could undermine WeWork India's brand equity and customer trust.

➢ Peer Comparison

Parameters (FY 25)	WeWork India	Smartworks	Awfis	IndiQube
Total Stock/ Area Mn sq. ft.	7.67	8.99	7.8	6.92
Total no. of Centres	63	50	230	105
Total Seats	1,15,535	2,03,118	1,52,572	1,53,830
International Network (No. of Cities)	125	1	-	-
Total no. of Cities	8	15	18	14
Operational Stock/Area Mn sq.ft.	7.24	8.09	6.9	6.26
Occupancy for mature centres (>12 months	80.69%	88.67%	84%	86.50%
Annual Revenue (₹ Cr)	2,024	1,410	1,261	1,103
Operational Revenue (₹ Cr)	1,949	1,374	1,208	1,059
Rental Revenue (₹ Cr)	1,660	1,289	817	870
Annual EBITDA (₹ Cr)	1,236	857	402	617
Adjusted EBITDA (₹ Cr)	421	172	N/A	N/A

Source- Company filing-RHP, PESB Research

➢ Quarterly Result

Particulars (₹ Cr)	Q1FY 2026	Q1 FY 2025	YoY
Revenue from Operations	535	449	19%
Expenses			
Operating Expense	130	112	16%
Cost of materials consumed	0	1	-58%
Employee benefits expense	47	37	29%
Other Expenses	22	15	49%
EBITDA	**336**	**284**	**18%**
EBITDA Margin	***62.72%***	***63.36%***	**-64bps**
Depreciation and Ammortization	223	192	17%
EBIT	**112**	**93**	**21%**
EBIT Margin	***20.97%***	***20.62%***	**35bps**
Other Income	10	13	-18%
Finance Cost	136	133	3%
Share of loss in Associate	0	-1	-70%
Exceptional Items	0	0	-
PBT	**-14**	**-29**	**-51%**
PBT Margin	***-2.63%***	***-6.45%***	**382bps**
Tax	0	0	-79%
PAT	**-14**	**-29**	**-52%**
PAT Margin	***-2.64%***	***-6.50%***	**386bps**

WeWork India Management Ltd.

➢ Financials

Income Statement

Particulars (₹ Cr)	FY23	FY24	FY25	Q1FY26
Revenue from Operations	1,315	1,665	1,949	535
Expenses				
Operating Expense	321	407	468	130
Cost of materials consumed	1	2	3	0
Employee benefits expense	121	134	155	47
Other Expenses	77	75	86	22
EBITDA	**796**	**1,047**	**1,238**	**336**
EBITDA Margin	***60.52%***	***62.88%***	***63.51%***	***62.72%***
Depreciation and Ammortization	637	744	824	223
EBIT	**159**	**303**	**414**	**112**
EBIT Margin	***12.09%***	***18.19%***	***21.25%***	***20.97%***
Other Income	108	72	75	10
Finance Cost	414	508	598	136
Share of loss in Associate	0	-3	-2	0
Exceptional Items	0	0	-46	0
PBT	**-147**	**-136**	**-157**	**-14**
PBT Margin	***-11.17%***	***-8.17%***	***-8.04%***	***-2.63%***
Tax	-0.07	-0.29	-285	0.05
PAT	**-147**	**-136**	**128**	**-14**
PAT Margin	***-11.17%***	***-8.15%***	***6.58%***	***-2.64%***

Source- Company filing-RHP, PESB Research

Balance Sheet

Particulars (₹ Cr)	FY23	FY24	FY25	Q1FY26
ASSETS				
Non Current Asset				
PPE	569	675	908	939
Capital work-in-progress	11	15	34	16
Right-of-use assets	2,999	2,917	3,395	3,297
Goodwill	2	2	2	2
Other Non Current assets	396	343	591	613
Current Assets				
Inventories	0	0	1	1
Investments	57	164	31	31
Trade receivables	70	80	83	124
Cash and cash equivalents	50	21	24	9
Bank balances other than cash and cash equivalents	1	3	3	3
Loans	100	100	100	100
Other Current Assets	160	164	220	222
TOTAL ASSETS	**4,414**	**4,483**	**5,392**	**5,357**
EQUITY & LIABILITY				
Total Equity	-292	-438	200	190
Liabilities				
Non-current liabilities				
Borrowings	389	496	209	254
Lease liabilities	3,012	3,017	3,399	3,280
Other Non-Current liabilities	200	121	190	174
Current Liabilities				
Borrowings	97	129	101	135
Lease liabilities	519	512	564	596
Trade Payables	104	73	52	54
Other Current Liabilities	386	572	677	674
TOTAL EQUITY & LIABILITY	**4,414**	**4,483**	**5,392**	**5,357**

Source- Company filing-RHP, PESB Research

Cash Flow Statement

Particulars (₹ Cr)	FY23	FY24	FY25	Q1FY26
Cash Flow from Operating Expenses	942	1,162	1,290	323
Cash Flow from Investing Expemses	-386	-393	-304	-161
Cash Flow from Financing Expense	-534	-797	-984	-176
Net Cash Changes	22	-29	2	-15

Source- Company filing-RHP, PESB Research

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