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**CM RATING** 44 / 100

# WeWork India Management

## Flexible workspace operator

### **Leading premium flexible workspace operator in India with 94% of its portfolio in Grade A developments across all major tier 1 cities.**

WeWork India Management, majority owned and promoted by Embassy Group, is a leading premium flexible workspace operator in India with a portfolio of 114077 desks across 68 operational centres with aggregate leasable area of 7.67 million square feet (msft) as of June 30, 2025. The company is the exclusive licensee of the WeWork (a global flexible workspaces operator) Brand in India.

The company offers a comprehensive mix of flexible workspace solutions, including a mix of custom designed buildings, floors and offices, enterprise office suites, customized managed offices, private offices, co-working spaces, and hybrid digital solutions. Value-added services offered by the company include customization of office spaces, parking, event spaces, advertising, food and beverage services and office infrastructure services. It offer an array of self-serve online products such as WeWork On Demand (day passes for select WeWork India and WeWork Global locations), WeWork All Access (monthly membership global access), Virtual Office (business address services) and WeWork Workplace (SaaS solutions for workspace management).

Its customers (called as members by the company) include companies of all sizes: large enterprises, small and mid-size businesses, startups, as well as individuals. As the exclusive licensee of the WeWork Brand in India, it could leverage WeWork Global brand to attract and develop long-term relationships with global marquee brands, including Amazon Web Services India Private Limited, JP Morgan Services India Private Limited, Discovery Communications India, Deutsche Telekom Digital Labs Private Limited, CBA Services Private Limited and Grant Thornton Bharat LLP.

The company has established multi-asset relationships with various prominent developers across major Tier 1 cities. It primarily lease Grade A office space from such developers and design, build, and operate them as flexible workspaces as per global standards. It offers flexibility to members by providing adaptable terms that allow companies to scale their workspace as their needs evolve. The company has entered into long-term fixed cost lease agreements with its landlords for an aggregate leasable area for operational centres of 7.35 million square feet across 60 of its 68 operational centres in eight cities, as at June 30, 2025.

Being part of Embassy Group it has access to marquee buildings in Embassy Group's portfolio of office space. As at June 30, 2025, the company has leased two Centres totaling 0.20 million square feet in one city from Embassy Group. In addition, it leased ten centres, totaling 1.16 million square feet in three cities from Embassy REIT.

It offers one of the most extensive range of product and services. It's amenitized and technologically integrated workspaces come with shared amenities including meeting rooms, event spaces, printing, mail and packaging, wellness rooms and recreational spaces. It provides complete facility management services, pantry services, security and housekeeping, making it convenient for businesses to work in a fully-serviced office environment equipped with high-speed internet. According to AGR, beyond office space, it create a sense of community through modern design, collaborative environment, dedicated member experience teams, and curated activities that help businesses and their employees feel connected to their workplace. In return for an all-inclusive monthly membership fee that the company charge its members, the company help members avoid the challenges of finding and setting up their own office space, allow them to outsource the hassle of day-to-day operations to it, and reduce their upfront capital expenditure.

It operates in India's key office markets – Bengaluru, Mumbai, Pune, Hyderabad, Gurugram, Noida, Delhi, and Chennai. Its centres are located in Grade A technology parks, business hubs, and premium CBD buildings. As at June 30, 2025, approximately 94%, or 7.07 million square feet, of its portfolio was in Grade A developments. And, nearly 87% of its portfolio was located in 28 identified key clusters across Tier 1 cities for flexible workspaces in India as at June 30, 2025.

For the three months ended June 30, 2025, its Enterprise Members contributed towards 75.67% of its Net Membership Fees, and International Clients contributed 65.93% of its Net Membership Fees. The Weighted Average Membership Tenure with Large Enterprise Members as at June 30, 2025 was 31 months.

In terms of industry wise revenue mix about 35.42%/34.22% from technology, 15.18%/16.92% from finance, 9.89%/9.31% from professional services, 7.45%/ 7.13% from media, 4.52%/ 5.73% from manufacturing, 5.30%/ 5.06% from pharma, 4.73%/ 4.68% from consumer and 17.51%/ 16.96% from others for quarter ended Jun 2025 and FY25 respectively. Contribution to net membership fees from international clients was 65.93% and 63.44% in quarter ended Jun 2025 and FY25 respectively.

### **The issue and objects of the issue**

The issue comprises of only offer for sale of upto 46296296 equity shares of Rs 10 face value comprising sale of 35402790 equity shares by Embassy Buildcon (promoter selling shareholder) and 10893506 equity shares by 1 Ariel Way Tenant (a wholly owned subsidiary of WeWork International), the investor selling shareholders.

The object of the issue is to achieve the benefits of listing the equity shares on the stock exchanges apart from offer to exit for investor selling shareholders. Post issue 1 Ariel Way Tenant, the investor selling shareholders will have 15.32% stake.

### **Strength**

Strong brand recognition due to its exclusive license with WeWork Global, a global flexible workspace operator with approximately 600 wholly owned & licensed locations in 35 countries. WeWork Global's strong international presence helps it to attract global enterprises for their India offices as they are used to experiencing WeWork-branded locations globally.

One of the few flexible workspace operators in India backed by a major real estate developer (i.e. Embassy Group). Its relationship with the Embassy Group also provides it with access to Embassy Group's portfolio of large tenants that seek additional, flexible workspaces.

Leading premium flexible workspace operator in India with 94% of its portfolio in Grade A developments.

Diverse member/customer base, including a marquee roster of Fortune 500 companies, international and domestic companies, large enterprises, GCCs, MSMEs, startups, and individuals.

One of the most extensive range of products and services in the industry.

Occupancy Rate in Operational Centres as quarter ended Jun 2025 and FY25 was 76.48% and 76.79% respectively with that of mature centres for the periods being 81.23% and 80.69%.

### **Weakness**

Proceedings had been initiated by the Enforcement Directorate against Jitendra Mohandas Virwani, the Promoter and Chairman of the company, in 2014 under the Prevention of Money Laundering Act, 2002 and any adverse outcome in this proceeding may adversely impact the company.

Embassy Office Parks Management Services ("EOPMSPL"), a group company has received show cause notices under the Securities and Exchange Board of India Act, 1992 which may have adverse impact on the company.

Embassy Buildcon LLP, one of the promoters of the company has pledged 73786188 equity share (53.13% of pre offer equity share capital) in favour of Catalyst Trusteeship under promoter borrowing arrangements. As

on the date of this Red Herring Prospectus, the entire shareholding of the company held by Embassy Buildcon LLP, constituting 73.56% of pre-offer equity share capital, is free from any encumbrances as Catalyst Trusteeship has released the pledged share as per the pledged agreement and to meet regulations pertaining to the offer. But any default under the Pledge Agreements will entitle Catalyst Trusteeship Limited to enforce the pledge over these equity shares which could dilute the shareholding of corporate promoter in the company.

Have incurred net losses for 3month ended Jun 2025, FY25, FY24 and FY23. Though the company has generated net cash flows from operating activities, it may incur significant losses in its financials due to lease accounting and other adjustments.

Bengaluru and Mumbai contributed 66.25% and 70.04% of net membership fees in Quarter ended Jun 2025 and FY25 respectively.

Depend on WeWork International for the use of the “WeWork” trade name, logo and trademark which are licensed to it on a non-transferable and exclusive rights basis to own and operate WeWork locations in India, through the operations and management agreement.

In the past, there have been instances of fines levied by BSE against one of its group companies, Mac Charles (India) Limited for non-compliance or delay in compliance with certain provisions of the SEBI Listing Regulations due to certain administrative and operational challenges.

Failure to retain or attract members that utilise its centres, may adversely impact the business of the company.

Had negative net worth in the past and may experience negative net worth in the future

Statutory auditors have reported qualifications in the annexures forming part of audit report, relating to the reporting on internal financial controls for Fiscals 2025, 2024 and 2023.

Workspace industry in India is intensely competitive with more than 500 operators.

Success depends on its ability to identify Grade A properties in Tier-1 cities in India and securing such Centres on commercially favourable rental terms.

Post the filing of the Draft Red Herring Prospectus, certain complaints have been made against the company, some of its promoters and some members of its promoter group by certain parties to, inter alia, SEBI, the BRLMs and the Registrar to the Offer, as applicable.

## Valuation

Consolidated revenue was up 17% to Rs 1949.21 crore as increase was primarily due to capacity expansion (Desks Capacity in Operational Centres increased by 20,418 to 109,572 Desks) and an increase in Net ARPM (up by 4.35% to Rs19,842 due to price rise). But with operating profit margin expand by 60 bps to 63.5%; the operating profit was up 18% to Rs 1237.94 crore. After accounting for higher other income, the PBIDT was up by 17% to Rs 1312.73 crore. Interest cost was higher by 18% to Rs 597.89 crore (primarily due to an increase in interest on lease liabilities with capacity expansion & increase in interest on NCD); the PBDT was up 17% to Rs 714.84 crore. With depreciation up by 11% to Rs 823.73 crore, the PBT was a loss of Rs 108.89 crore compared to a loss of Rs 132.75 crore, a year ago. EO Expense was higher at Rs 45.91 crore against nil, the PBT after EO was a loss of Rs 154.80 crore. After accounting for tax write back of RS 284.97 crore against a write back of Rs 0.29 crore a year ago. Thus the PAT was a profit of Rs 128.19 crore against a loss of Rs 135.77 crore, a year ago. After accounting for lower share of loss of Rs 1.99 crore against Rs 3.31 crore and higher minority interest at Rs 0.79 crore, the net profit was up Rs 127.40 crore against a loss of RS 135.84 crore.

For the quarter ended Jun 2025, the sales was up 19% to Rs 535.31 crore driven by increase in capacity and associated increase in number of billed desks. And with OPM contract by 70 bps to 62.7%, the OP was up 18% to Rs 335.76 crore. The net profit after MI was a loss of Rs 14.10 crore against a loss of Rs 29.50 crore in the corresponding previous period.

For the TTM period ended Jun 2025, the sales was Rs 2035.87 crore and the net profit was Rs 142.80 crore.

On a post IPO equity the EPS was Rs 6.6. The PE on upper price band works out to 98.2 times. EPS for TTM period ended June 2025 was Rs 14.3 and PE works out to 45.3 times. The price/BV is 24 times and the EV/sales for the company are 4.3 times of its sales for the TTM period ended Jun 2025.

In comparison, ASSL reported a net profit after MI of Rs 75.06 crore for TTM period ended Jun 2025 on a sales of Rs 1284.5 crore. ASSL as end of Jun 2025, manages more than 155490 operational seats across 232 operational centres in 18 cities with a total leasable area of 7.80 msft.

Similarly, the SCSL reported a net loss of Rs 44.35 crore for the TTM period ended Jun 2025 on a sales of Rs 1439.84 crore. SCSL as end of Jun 2025, manages more than 231548 seats across 54 centres in 15 cities with a total leasable area of 10.80 msft.

Similarly, the Indiqube Spaces (ISL) reported a net loss of Rs 134.34 crore for the TTM period ended Jun 2025 on a sales of Rs 1126.31 crore. ISL as end of Jun 2025, manages more than 164278 seats across 111 centres in 15 cities with a total leasable area of 7.39 msft.

Awfis Space Solutions (ASSL) quotes at a PE of 84.3 times of its FY25 EPS. Its P/BV stands at 8.9 times. ASSL's EV/Sales stood at 3.8 times of its TTM period ended Jun 2025. Similarly the Smartwork Coworking Spaces (SCSL) and ISL quotes at a EV/sales of 7 times and 7.9 times of their sales for TTM period ended Jun 2025.

Wework India Management: Issue Highlights	
Fresh Issue (Rs crore)	0
Offer for sale (in equity share nos.)	46296296
Price band (Rs.)	
Upper	648
Lower	615
Post-issue equity (Rs crore)	134.02
Post-issue promoter (including promoter group) stake (%)	49.80
Minimum Bid (in nos.)	23
Issue Open Date	03-10-2025
Issue Close Date	07-10-2025
Listing	BSE, NSE
Rating	44 /100
Employee discount is Rs 60/equity share	

Wework India Management: Re-stated Consolidated Financials					
	2303 (12)	2403 (12)	2503 (12)	2406 (6)	2506 (6)
Sales	1314.52	1665.14	1949.21	448.65	535.31
OPM (%)	60.5	62.9	63.5	63.4	62.7
OP	795.61	1047.10	1237.94	284.29	335.76
Other income	108.26	72.03	74.79	12.63	10.40
PBIDT	903.87	1119.13	1312.73	296.92	346.17
Interest	414.05	507.71	597.89	132.92	136.43
PBDT	489.81	611.42	714.84	164.00	209.74
Depreciation	636.70	744.17	823.73	191.77	223.49
PBT	-146.88	-132.75	-108.89	-27.78	-13.75
EO Exp	0.00	0.00	45.91	0.00	0.00
PBT after EO	-146.88	-132.75	-154.80	-27.78	-13.75
Tax	-0.07	-0.29	-284.97	0.23	0.05
PAT from Continuing Biz	-146.81	-132.46	130.18	-28.01	-13.80

Share of Profit from Associates	0.00	-3.31	-1.99	-1.16	-0.35
PAT from Continuing Biz	-146.81	-135.77	128.19	-29.17	-14.15
Minority Interest	-0.95	0.07	0.79	0.33	-0.04
Net profit	-145.86	-135.84	127.40	-29.50	-14.10
EPS (Rs)*	-10.9	-10.1	6.6	-8.8	-4.2
* on post IPO fully dilluted equity (on upper price band) of Rs134.02 crore. Face Value: Rs 10					
EPS is calculated after excluding EO and relevant tax					
Figures in Rs crore					
Source: Capitaline Corporate database					