



awfis

Issue Opens - May 22, 2024 to May 27, 2024

Price Band
₹364 to ₹383

Face Value
₹10

Lot Size
39 Shares

Issue Size
₹598.93 Cr

Issue Type
Book Built

research@ganeshstock.com



Important Events

Issue Size

15,637,736 shares/ ₹598.93 Cr

Fresh Issue

3,342,037 shares / ₹128.00 Cr

Offer for Sale

12,295,699 shares of ₹10 / ₹470.93 Cr

Basis of Allotment

Tuesday, May 28, 2024

Initiation of Refunds

Wednesday, May 29, 2024

Credit of Shares to Demat

Wednesday, May 29, 2024

Awfis Space Sol. Listing Day

Thursday, May 30, 2024

Brief profiles of the Directors

- **Amit Ramani** is the Chairman and Managing Director of our Company. He has a bachelor's degree in architecture from the School of Planning and Architecture in New Delhi, a master's degree in architecture from Kansas State University, and a master's degree in science from Cornell University. With around 20 years of experience in real estate and workplace solutions, he has held positions such as promoter and managing director at Nelson Planning and Designs, senior vice president at Nelson Worldwide, and consultant at HOK, New York. He has been recognized by The Economic Times as one of the most promising business leaders of Asia (2019-2020) and as one of the top 100 great people managers in India in 2023.



- **Bhagwan Kewal Ramani** is a Non-Executive Director of our Company. He has a bachelor's degree in mechanical engineering from Lukhdhirji Engineering College, Gujarat University. With 37 years of experience in the central power engineering group 'A' service, he served as a gazetted class-I central government officer under the Central Electricity Authority, Ministry of Power, Government of India.
- **Arjun Bhartia** is a Non-Executive Director of our Company. He has a bachelor's degree in arts from Brown University, USA, and seven years of experience in managerial positions. He is the promoter and director of Jubilant Consumer Private Limited and the promoter and managing director of Jubilant Pharmova Limited. He previously worked as an associate consultant with Bain & Company India Private Limited.
- **Anil Parashar** is an Independent Director of our Company. He is an associate member of the Institute of Chartered Accountants of India with over 27 years of experience in the financial sector. He is currently the whole-time director of InterGlobe Technology Quotient Private Limited and previously served as the group chief financial officer of InterGlobe Enterprises Private Limited. He has been inducted into the CFO India Hall of Fame for his contributions to finance.
- **Radhika Jaykrishna** is an Independent Director of our Company. She holds a bachelor's degree in commerce from H.L. Commerce College, Gujarat University, and has passed the final examination of the Institute of Cost Accountants of India. With eight years of experience in managerial roles, investment portfolio management, and real estate, she is the director at Rex-Tone Industries Limited and Rex-Tone Digital Private Limited, and principal officer at Hunter Wealth Management LLP.
- **Sanjay Shah** is an Independent Director of our Company. He holds a bachelor's degree in technology in aeronautical engineering from IIT Bombay and a master's degree in computer science and applications from Virginia Polytechnic Institute and State University. With over 18 years of experience in computer engineering, software, and logistics, he is currently the chief operating officer for India/South-East Asia at the National Entrepreneurship Network. He has previously been the founder and chief technology officer at Instavans Logistics, co-founder and director at Zpty Software, managing director of Aveva Solutions India, and managing director of Asia sales at Net Right Technologies.

Promoters collectively hold 41.05% (Pre Issue) of the Equity Share.

About The Company.



Awfis Space Solutions Limited is India's largest flexible workspace provider, offering a variety of solutions from individual desks to custom offices for startups, SMEs, and large corporations. With over 169 centers in 16 cities, they cater to a diverse range of clients with workspace needs from one hour to multiple years. Awfis has grown from a co-working space provider to an integrated solution platform, including design, build, and management services for flexible workspaces.

Description of Their Business

As of June 30, 2023, they are the biggest company in India offering flexible workspace solutions, with the most centers compared to others. They hold the top position among the top 5 competitors in the flexible workspace industry, operating in 16 cities across India. They also have a presence in the highest number of small markets in the country. By June 30, 2023, they have a total of 136 centers spread across 16 cities in India, providing a total of 81,433 seats and covering a chargeable area of 4.12 million sq. ft. Among these, 15 centers with 11,191 seats are currently under construction, with a chargeable area of 0.53 million sq. ft. Furthermore, they have signed letters of intent with space owners for an additional 188 centers, totaling 10,886 seats and covering 0.55 million sq. ft. As of June 30, 2023, they have amassed a client base of over 2,139 and have established a presence in 48 micro markets throughout India.





They offer a wide range of flexible workspace solutions to cater to the diverse needs of individuals, startups, small and medium enterprises (SMEs), large companies, and multinational corporations. Their flexible workspace solutions include options ranging from single seats to customized office spaces, with flexible contract durations from one hour to several years. Over time, they have evolved from a coworking space provider to an integrated workspace solutions platform. While their core offering is coworking solutions, which include flex workspaces, customized office spaces, and mobility solutions,

they have also developed capabilities to design, build, maintain, and manage a wide range of flexible workspace requirements through their business segments:

1. Awfis Transform: Their construction and fit-out services business segment
2. Awfis Care: Their facility management services business segment

In addition to their core workspace solutions, they provide various allied services, such as:

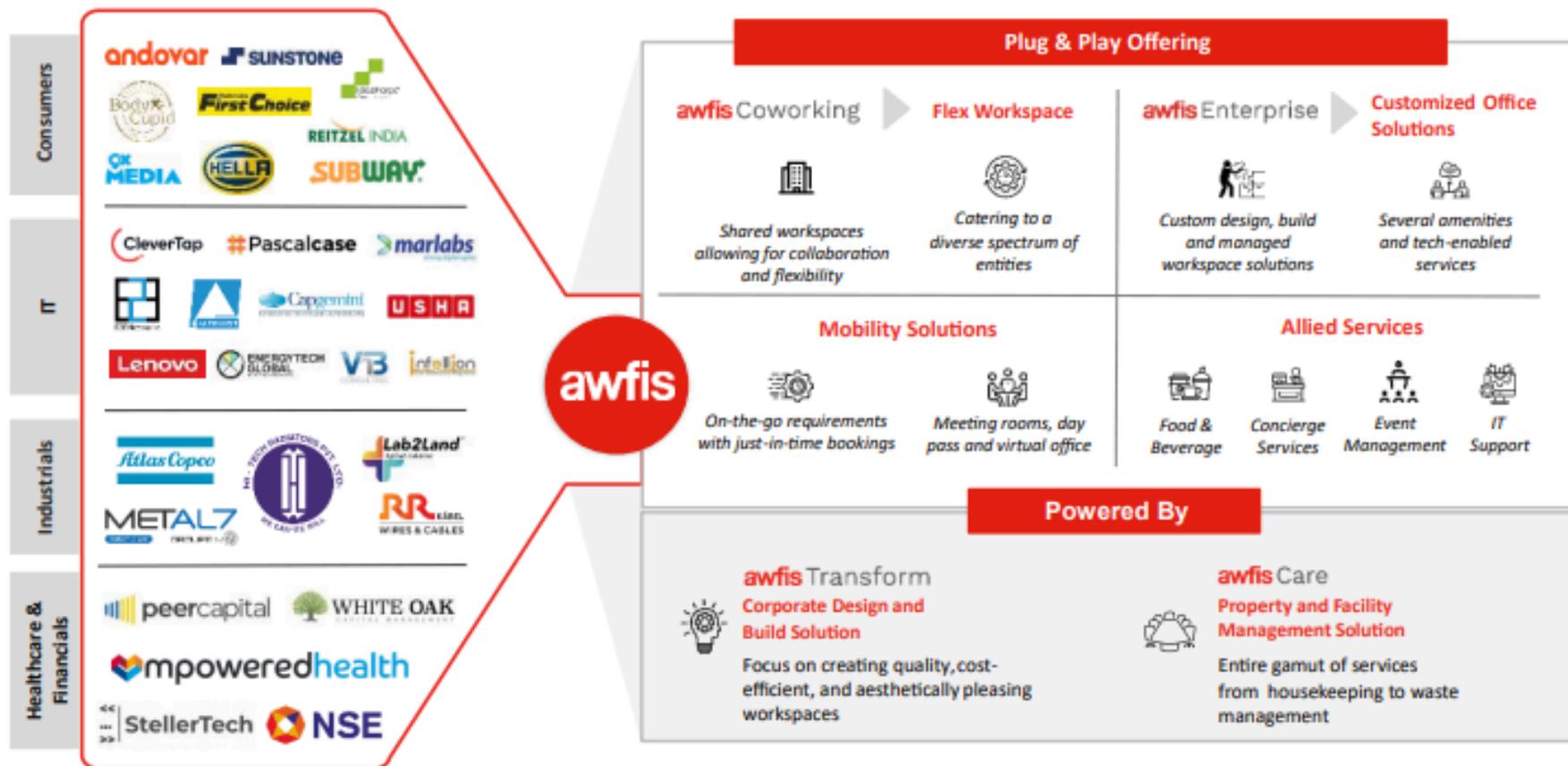
- Food and beverages
- Information technology support services
- Infrastructure services like storage and customization
- Event hosting and meeting arrangements

By offering a comprehensive suite of workspace solutions and allied services, they aim to cater to the diverse needs of their clients, ranging from individuals to large enterprises, and provide a seamless and integrated workspace experience.

Awfis Gold: 'Awfis Gold



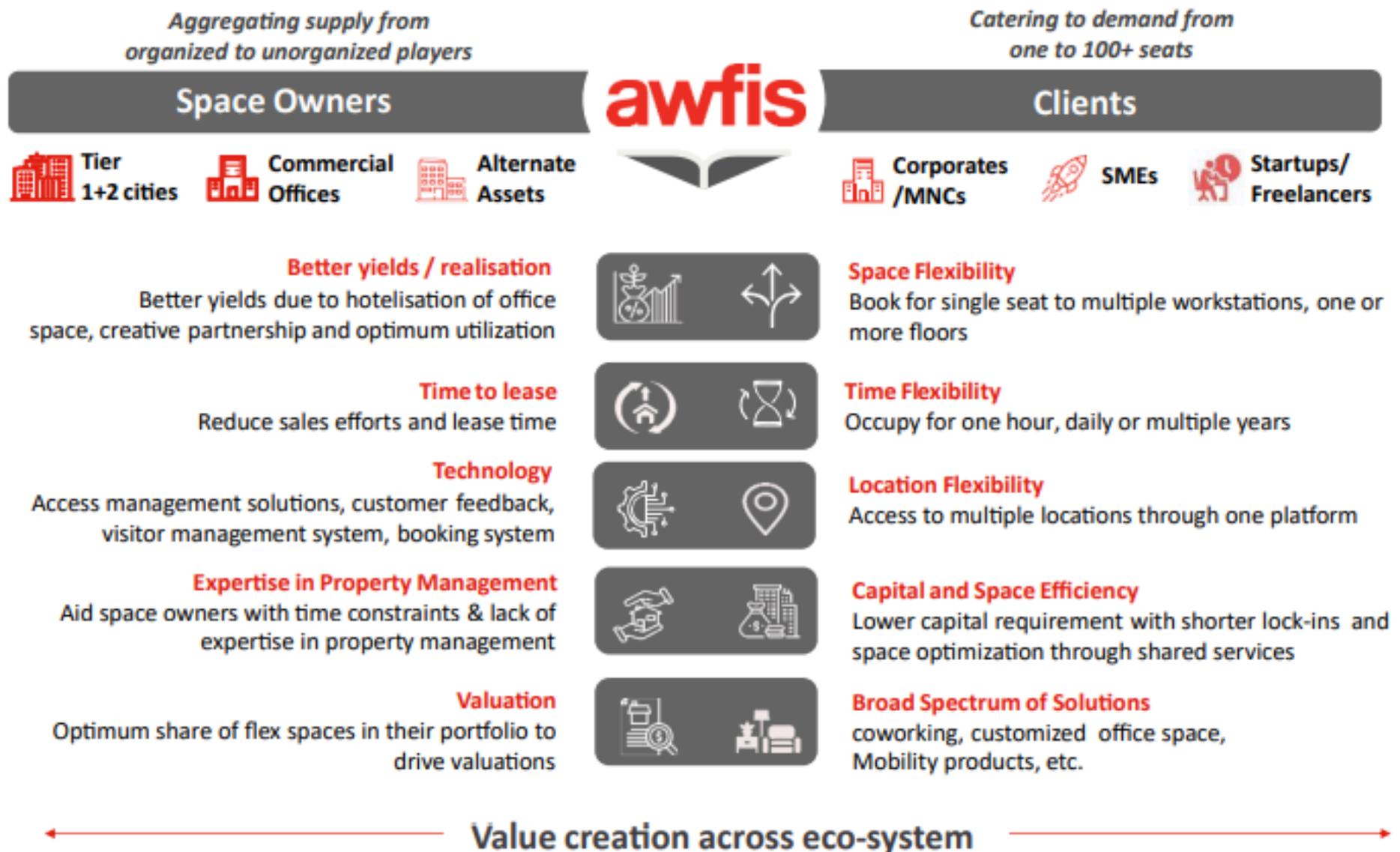
Awfis workspace solution platform



Workspace Formats



AWFIS' VALUE PROPOSITION



Objects of The Offer

The Company proposes to utilise the Net Proceeds towards the following objects

1. Funding capital expenditure towards the establishment of new centres;
2. Funding the working capital requirements and
3. General corporate purposes

Track Record Of Financial Performance



Statement of Profit and Loss

(All amounts are in millions of Indian Rupee; except per share data)

Particulars	Notes	For the three months ended June 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
I Revenue from contract with customers	22	1,877.04	5,452.82	2,570.45	1,783.60
II Other income	23	50.11	205.05	216.71	376.60
III Total income (I + II)		1,927.15	5,657.87	2,787.16	2,160.20
IV Expenses					
(a) Sub-contracting cost		363.72	904.72	418.69	96.35
(b) Purchases of traded goods	24	56.20	125.34	43.42	13.91
(c) Changes in inventories of traded goods	25	0.64	1.41	(3.31)	(0.51)
(d) Employee benefits expense	26	284.31	957.97	541.54	318.37
(e) Finance costs	27	209.30	727.21	487.19	465.55
(f) Depreciation and amortisation expense	28	432.32	1,499.79	984.33	868.36
(g) Other expenses	29	663.72	1,907.80	886.86	824.59
Total expenses (IV)		2,010.21	6,124.24	3,358.72	2,586.62
V Restated loss before tax (III - IV)		(83.06)	(466.37)	(571.56)	(426.42)
VI Income tax expense	39	-	-	-	-
VII Restated loss for the period / year (V - VI)		(83.06)	(466.37)	(571.56)	(426.42)
VIII Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods:					
(a) Remeasurements gains/ (losses) on the defined benefit plans	35	(2.59)	(0.30)	(2.11)	(0.59)
(b) Income tax effect	39	-	-	-	-
Restated total other comprehensive loss		(2.59)	(0.30)	(2.11)	(0.59)
IX Restated total comprehensive loss for the period / year (VII + VIII)		(85.65)	(466.67)	(573.67)	(427.01)
Earnings per equity share (Face value of Rs.10 each)*					
(1) Basic (in Rs)	30	(3.20)	(15.48)	(18.97)	(14.15)
(2) Diluted (in Rs)	30	(3.20)	(15.48)	(18.97)	(14.15)

*Not annualised for the three months ended June 30, 2023



The following table sets out their revenue split as per segment information, in accordance with Ind AS 108, for the specified period/ years:

Parameter	Segment Information							
	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three months ended June 30, 2023	
	(₹ in million)	(% of revenue from contract with customer s)	(₹ in million)	(% of revenue from contract with customer s)	(₹ in million)	(% of revenue from contract with customer s)	(₹ in million)	(% of revenue from contract with customer s)
Co-working space on rent and allied services	1,619.84	90.82%	1,963.38	76.38%	4,188.49	76.81%	1,387.93	73.94%
Construction and fit-out projects	114.86	6.44%	487.30	18.96%	1,050.18	19.26%	430.85	22.95%
Others	48.90	2.74%	119.77	4.66%	214.15	3.93%	58.26	3.11%
Revenue from contract with customers	1,783.60	100.00%	2,570.45	100.00%	5,452.82	100.00%	1,877.04	100.00%

The following table further sets forth details of their supply network for the periods indicated:

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at June 30, 2023
Operational				
Operational Cities	11	13	16	16
Operational Chargeable Area (in million sq. ft.)	1.46	2.21	3.50	3.59
Operational Centres	58	84	119	121
Operational Seats	30,253	46,152	68,203	70,242
Occupied Seats	17,946	29,099	51,140	54,286
Occupancy Percentage (1)	59.32%	63.05%	74.98%	77.28%

(1) The occupancy percentage is calculated as the Occupied Seats divided by the operational seats within the period.

Strengths



1. Awfis is a leader in India's flexible workspace market, with 169 centers in 16 cities and 105,258 seats as of December 31, 2023.
2. Awfis's revenue grew at a CAGR of 74.85%, from ₹1,783.60 million in 2021 to ₹5,452.82 million in 2023, showing strong financial growth.
3. The MA model covers 66.43% of Awfis's seats, reducing capital expenditure per seat to ₹50,000, much lower than competitors' ₹80,000-₹200,000.
4. Awfis has the largest flexible workspace presence in Tier 2 cities among top operators, boosting regional economic growth and workspace quality.

Threats

1. Net Losses: Awfis reported a net loss of ₹466.37 million and a negative EPS of ₹8.11 in Fiscal 2023.
2. Negative Cash Flows: The company had a net cash outflow of ₹1,701.07 million from investing activities in Fiscal 2023.
3. Rapid Growth: Operational seats increased from 30,253 in 2021 to 79,946 in 2023, potentially straining financial and operational resources.
4. Market Vulnerability: With 46.26% of clients in the IT sector, Awfis is highly influenced by macroeconomic fluctuations affecting demand for flexible workspaces.

Valuation and Outlook



The expected share price for Awfis Space Solutions Ltd is set to be between ₹364 to ₹383 per share. When looking at the valuation, the company has a negative Price-to-Earnings (P/E) ratio, calculated using a price above ₹272 and an FY23 EPS of ₹-8.11.

Awfis Space Solutions Ltd operates in a unique market segment with no direct competitors in India or internationally offering similar product solutions. As an emerging leader in India's flexible workspace solutions sector, Awfis provides a comprehensive range of services under one roof. While the company has shown consistent growth in revenue, its losses have been decreasing.

However, due to these losses, the company currently has a negative P/E ratio. This makes investing in the IPO a long-term play, suitable for well-informed and financially secure investors. Considering these factors, **it is advisable to avoid investing in the IPO initially and instead consider buying shares after the company is listed on the stock exchange.**

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