

Rating: Subscribe for long term

Issue Offer

Fresh Issue of 3,342,037 shares aggregating up to INR 1,280 Mn and OFS of 12,295,699 shares aggregating upto INR 4,709.3 Mn.

Issue Summary

Price Band (INR)	364 - 383
Face Value (INR)	10
Implied Market Cap (INR Mn)	26,587
Market Lot	39
Issue Opens on	May 22, 2024
Issue Close on	May 27, 2024
No. of share pre-issue	66,075,779
No. of share post issue	69,417,816
Listing	NSE , BSE

Issue Break-up (%)

QIB Portion	75%
NII Portion	15%
Retail Portion	10%

Book Running Lead Managers

ICICI Securities Limited
Axis Capital Limited
IIFL Securities Ltd
Emkay Global Financial Services Ltd

Registrar

Bigshare Services Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	41.5%	21.8%
Public & Others	58.4%	78.1%

Objects of the issue

- Funding capital expenditure towards the establishment of new centers.
- Funding the working capital requirements
- General corporate purposes

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Incorporated in 2014, Awfis Space Solutions Ltd (Awfis) is a workspace solution provider, providing co-working solutions that include flex workspaces, customized office spaces, and mobility solutions, The Company has built capabilities to design, build, maintain, and manage a wide range of flexible workspace requirements such as Awfis Transform, and Awfis Care for start-ups, SMEs as well as for large corporates and multi-national also providing supporting services like food and beverages, IT support, infrastructure services, and event hosting and meeting arrangements. The company operates 169 centers across 16 cities in India, additionally, the company is ready to increase 31 centers according to the demand.

Reduction in Capital Cost for Tenants: Large scale and geographical presence helps to meet the varied and diverse needs of clients across different demographics and workspace solutions. The company allows clients to upscale and downscale without significant capital costs, and to commit to smaller workspaces without the usual constraints of long-term leases. Previously tenants had to incur capital expenditure for office setup, but now it only pays the rent for using the facility, this saves nearly 20% - 22% of the capital cost for tenants.

Different Approaches to Cover India's Unorganized Market: India's office industry in cities across Asia is likely to grow faster, driven by the disorganized market and abundant non-institutional offices. In India, tenant improvement remains the responsibility of the renter thereby giving flexible workspaces an attractive feature. The company's diverse supplier sourcing strategy covers all commercial office market sectors, offering various kinds of assets and flexible center sizes. The company has also turned buildings into flex spaces using unconventional assets to bridge the gap between the organized sector and the unorganized sector.

Pan India Presence: The company is using a systematic growth strategy, which assesses possible locations and towns for expansion based on client requirements and specifications, availability of office infrastructure as well as population profiles. The company focuses on Tier 1 Indian cities where there has been a rise in demand for flexible workspaces post-COVID-19. The company intends to grow within high-demand micro-markets in Tier 1 cities and expand to new Tier 2 cities like Lucknow, Guwahati, and Vijayawada. Furthermore, through design and refurbishment activities in prime micro-markets of Tier 1 city; the company will upgrade workspaces into higher-grade offices. The trends on the demand side such as global capability centers expansion, and business process offshore centers with the surge in workspaces within Tier 2 cities will enhance the growth of the flexible workspace market. With its current network that spans 9 Tier 1 and 7 Tier 2 cities, the company has laid out a platform to enable smooth entry into fresh regions.

Enhancing Operational Efficiency: The company plans to improve operational efficiency going forward, by building a vendor network which will save money. Furthermore, the company intends to optimize operations in all divisions and across its vast location network through technologically advanced procedures and instruments. The company to focus on human capital development through seminars and training programs which will not only boost worker productivity but also contribute towards overall efficiency improvement within the organization. This will aid the company in expanding its business while simultaneously enhancing customer retention rates and solidifying its position in the market by increasing operational efficiency with clients.

Valuation and View: Awfis is poised for substantial growth, driven by the growing demand for flexible workspaces in India. Through modern design innovations, technology integration, and expanded facility management services company is focused on providing comprehensive and advanced workspace solutions to cater to a wide range of clients. On post post-issue basis, the company trades 9.53x P/B and 3.23x P/S (9MFY24 sales annualized). The industry dynamics seem positive with increasing demand for commercial real estate in Tier 1 and Tier 2 cities. We recommend to SUBSCRIBE FOR LONG TERM.

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