Tuesday, 9 September 2025

CM RATING **44 /100**

Dev Accelerator

Flexible workplace player with strong presence in tier 2 cities

Have operations/presence across 11 cities in India with 14144 seats and SBA of 0.86 msft.

Dev Accelerator offers space solutions in the form of flexible workspaces to its clients, from individual desks to customized office spaces with exclusive access for clients. As on May 31, 2025, it have operations/presence across 11 cities (including Ahmedabad, Mumbai, Noida, Pune, Hyderabad, Jaipur, Rajkot, Udaipur, Indore, Gandhinagar and Vadodara) in India, with 14144 seats as of May 31, 2025 covering a total area under management of SBA 860,522 square feet (sft).

The company though has presence in four (Mumbai, Pune, Noida and Hyderabad) out of the top seven markets in Tier 1 cities, it is one of the largest managed space operator in Tier 2 markets in terms of operational flex stock, with centers across 6 cities. Of the total operational footprint, nearly 0.6 msft and more than 9000 seats are across cities such as Ahmedabad (including Gandhinagar), Indore, Jaipur, Udaipur, and Vadodara. In FY25 about 50.60% of revenue from operations came from Tier I cities, 25.33% from Tier I cities. Moreover of the 50.60% of revenue from Tier 2 Cities about 30.39% is from Ahmedabad.

Its comprehensive office space solutions include sourcing office spaces, customizing designs, developing spaces and providing technology solutions to providing complete asset management. This means it not only create and manage office environments but also ensure that they operate efficiently, allowing clients to focus on their core business activities. For this purpose, it ensure property upkeep, including regular cleaning, HVAC (heating, ventilation, and air conditioning) maintenance, plumbing, electrical systems, house-keeping, administrative assistance, etc.

One-stop integrated solution platform for any flexible workplace requirement. It do not own the land and buildings at any of its centers. It source and procure workspaces through the straight lease model, revenue share model, furnished by landlord model and the OpCo – PropCo Model (Operating Company-Property Company model). As on May 31, 2025, 75% of its centers operate under the straight-lease model. It have entered into long-term fixed cost leases, i.e., straight-lease for super built-up area of 479,579 sq. ft. covering total of 21 centers across 9 cities and 6 states aggregating 55.74% of total seats as of May 31, 2025. The company in FY25 derived 40.06%, of its revenue from operations, from the straight lease model and 23.05%, from the furnished by landlord model.

Of the FY25 revenue from operation, 58.77% from managed space services, 5.61% from co-working space, 1.40% from payroll management services, 25.37% from designing & execution, 3.70% facility management & other services, 5.15% from IT/ITES Services.

As on May 31, 2025, it have over 250 clients, which includes large corporates or multinational corporations, SMEs, startups and freelancers. Occupancy rates across centers as of May 31, 2025 and for Fiscals 2025 stood at 87.19% and 87.61% respectively.

More than 55% of revenue from operations is generated from clients in IT / ITES industry. Consulting services, manufacturer, media and entertainment, educational services, BFSI and real estate accounted for 13.95%, 8.86%, 0.15%, 2.65%, 0.40% and 18.14% respectively.

In line with its growth strategy, the company intend to open 4 (four) proposed centers under the straight lease model over the next two Fiscals, for which the fit-outs are proposed to be funded from the net proceeds.

The company was promoted by Parth Naimeshbhai Shah, Umesh Satishkumar Uttamchandani, Rushit Shardulkumar Shah, Jaimin Jagdishbhai Shah, Pranav Niranjan Pandhya, Amisha Jaimin Shah, Kruti Pranav Pandya and Dev Information Technology.

The issue and object of the offer

The issue comprises fresh issue of 23500000 equity shares of Rs 2 each.

Of the net proceeds from the issue the company proposed to use Rs 73.116 crore towards capital expenditure for fit-outs in the proposed centers; Rs 35 crore towards pre/re-payment in full or part, of certain borrowings availed by the company including redemption of non-convertible debentures issued by the company ("NCDs"); and balance towards general corporate purposes.

As on May 31, 2025, total outstanding borrowings were Rs 127.567 crore.

Strength

Leadership position as one of one of the largest managed space operator in Tier 2 markets well positioned to capture industry tailwinds and growth prospects for the flexible workspace sector in India

High occupancy rates across its centers.

Weakness

Lack of presence in large 3 of the top tier I cities such as Bangalore and Chennai.

The managed workspaces and flexible workspace industry in India is intensely competitive.

Clients may prematurely terminate their agreements, and the company may not be able to attract new clients in sufficient numbers, which could adversely affect its business. Further may not have equal negotiating power with large clients (who have/require 300 seats plus) and it may be difficult for the company to find suitable replacements upon termination of agreements with such clients.

Ahmedabad accounts for about 30% of revenue from operations in FY25. Further as of May 31, 2025, 12 out of 28 of its centers are currently located in the State of Gujarat (at Ahmedabad, Rajkot, Gandhinagar and Vadodara), contributing to 42.55% of revenue from operations in FY25.

Top 10/20 customers accounts for 38.58%/54.13% of operational revenue in FY25.

Managing Director of the company is involved in a venture which is in the same line of business as that of the company.

Shifts in work culture, such as the rise of remote and hybrid working models, could alter the demand for physical office spaces, which could adversely affect business, results of operations, cash flows and financial condition.

Valuation

Consolidated revenue was up 47% to Rs 158.88 crore. But with operating profit margin contract by 910 bps to 50.7%, the growth at operating profit moderated to stand at 25% to Rs 80.50 crore. After accounting for higher interest and depreciation cost, the PBT was a profit of Rs 2.74 crore against a loss of Rs 8.77 crore. Finally the net profit jumped up to Rs 1.74 crore against a profit of Rs 0.43 crore.

On a post IPO expanded equity (on upper price band) the EPS was Rs 0.2 and thus the PE works out to 305 times. The price/BV is 2.8 times. And the EV/sales for the company is 4.3 times of its FY25 sales.

In comparison, Awfis Space Solutions (ASSL) grew at 42% in FY25 to a revenue of Rs 1207.54 crore with an OPM of 33.3%. ASSL manages more than 134121 operational seats across 208 operational centres in 18 cities with occupancy of established centres (>12 months) stand at 84% and blended stand at 73%. Including fitouts, the total seats increase to 152572 seats with chargeable area of 7.8 m square feet across 230 centres. Similarly, the Smartworks Coworking Spaces (SCSL) grew 32% to Rs 1374.06 crore in FY26 with its OPM stand at 62.4%. At net it was a loss of Rs 63.18 crore against a loss of Rs 49.96 crore. SCSL has 8.99 million square feet of super built-up area under lease and management across 50 centres in 15 cities with a seat capacity of 203118 as of March 2025 and the occupancy rate of its operational centres in FY25 stood at 83.12%. Indiqube Spaces as of March 31, 2025, managed a portfolio of 8.40 square feet (sft) of area (in super built-up area of property) spread over 115 centers across 15 cities having a total seating capacity of 186719.

Awfis Space Solutions (ASSL) quotes at a PE of 94.1 times of its FY25 EPS. Its P/BV stands at 8.8 times and its EV/Sales at 4.5 times. Similarly the Smartwork Coworking Spaces (SCSL) quotes at a P/BV of 9.8 times and EV/sales of 7 times. Indiqube Spaces quotes at a P/BV of 7.7 times and EV/sales of 5.0 times.

Dev Accelerator: Issue Highlights	
Fresh Issue (in nos)	23500000
Offer for sale (in Rs. Crore)	0.00
Price band (Rs.)*	
Upper	61
Lower	56
Post-issue equity (Rs crore)	18.04
Post-issue promoter (including promoter group) stake (%)	36.81
Minimum Bid (in nos.)	235
Issue Open Date	10-09-2025
Issue Close Date	12-09-2025
Listing	BSE, NSE
Rating	44 /100

Dev Accelerator: Consolidated Financials			
	2303 (12)	2403 (12)	2503 (12)
Sales	69.91	108.09	158.88
OPM (%)	42.6	59.8	50.7
OP	29.80	64.59	80.50
Other income	1.46	2.65	19.01
PBIDT	31.25	67.23	99.51
Interest	17.28	31.00	44.55
PBDT	13.97	36.23	54.95
Depreciation	30.10	45.00	52.22
PBT	-16.13	-8.77	2.74
EO Exp	0.00	0.00	0.00
PBT after EO	-16.13	-8.77	2.74
Tax	-3.22	-9.06	0.93
PAT	-12.92	0.28	1.81
Share of profit from Associates (SoPA)	0.09	0.15	-0.04
Minority Interest	0.00	0.00	0.03
Net profit	-12.83	0.43	1.74
EPS (Rs)**	-1.4	0.0	0.2
** on post issue equity of Rs 18.04 crore. Face Value: Rs 2			
EPS is calculated after excluding EO and relevant tax			

# EPS can not be annualised due to seasonality in operations			
Figures in Rs crore			
Source: Capitaline Corporate database			