

## Company Overview

Dev Accelerator Limited, commonly known as DevX, functions as a flexible workspace and coworking provider, offering a range of services including coworking spaces, managed offices, design-build solutions, and asset management. The company also integrates workspace customization with technology, positioning itself as a comprehensive solution for enterprises seeking flexible office infrastructure. As of FY24, DevX operated 25 centers across 11 Indian cities, spanning both Tier 1 and Tier 2 locations, including Delhi NCR, Ahmedabad, Hyderabad, Mumbai, Pune, Jaipur, Udaipur, Indore and Rajkot. It manages over 806,635 square feet across 12,691 seats, serving over 230 clients. The company has also entered into Letters of Intent with space owners for 3 additional centers, including one international Center in Sydney, Australia, and have also entered into a lease deed for setting up a Center in Surat. These upcoming centers will have 11,500 seats, aggregating 897,341 sq. ft. The company's clientele comprises of large corporates, MNCs and SMEs, to whom they offer a variety of flexible office space solutions such as managed office spaces and coworking spaces, as well as design and execution services through their subsidiary, Needle and Thread Designs LLP. The following are the flexible workspace solutions provided by the company: managed office spaces, coworking spaces and design and execution services. The main focus is on serving large corporates by offering managed office solutions. The revenue contribution from managed office space solutions in FY24, FY23 and FY22 stood at Rs. 740.4 million, Rs. 353.1 million and Rs. 170.6 million, respectively, constituting 68.5%, 50.5% and 55.3%, respectively, of the revenue from operations.

## Objects of the issue

The company proposes to utilize the net proceeds towards funding the following objects:

- ⇒ Capital expenditure for fit-outs in the proposed centers;
- ⇒ Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company, including redemption of non-convertible debentures issued by the company ("NCDs"); and
- ⇒ General corporate purposes.

## Investment Rationale

### Pan-India presence with consistently high occupancy a key competitive advantage

DevX has demonstrated strong execution capabilities, underpinned by a deep understanding of market dynamics and customer needs. Leveraging local relationships and on-ground networks, the company has scaled its operations across 11 cities, including key Tier 1 hubs like Mumbai, Noida, Pune, and Hyderabad, while maintaining a stronghold in Tier 2 markets such as Ahmedabad, Jaipur, and Vadodara. As of August 31, 2024, DevX manages a total operational area of 806,635 sq. ft., with a pan-India presence. The company has consistently delivered high occupancy levels, averaging above 80% over the past three fiscal years (FY22-FY24), with 83.1% occupancy rate as of August 2024, indicative of strong demand, client satisfaction, and optimal space utilization. DevX's ability to offer customizable, competitively priced workspace solutions across both Tier 1 and Tier 2 markets continue to support its growth trajectory. Between March 31, 2022 and March 31, 2024, DevX recorded robust expansion, with operational centers, seats, and super built-up area growing at a CAGR of 66.7%, 39.9%, and 53.1%, respectively, reflecting both strong market positioning and executional efficiency.

### Expansion into new and existing markets provide further tailwinds to performance

DevX's expansion strategy is underpinned by a data-driven, criteria-based location assessment framework that evaluates market potential, infrastructure readiness, competitive landscape, and demographic trends. This structured approach ensures alignment with the company's long-term objectives and enhances the likelihood of successful center launches. India's flex space market continues to demonstrate strong momentum, with segment penetration in total office stock increasing from 3.0% in 2020 to 6.3% currently. Penetration is expected to rise to 8-9% over the next five years, indicating sustained demand and structural tailwinds. In line with these trends, DevX is actively deepening its presence in existing markets and selectively entering new geographies. The company has signed Letters of Intent (LoI) to establish new centers in Ahmedabad and Pune, and a lease deed for

## Issue Details

Offer Period	10 <sup>th</sup> Sept. 2025 - 12 <sup>th</sup> Sept. 2025
Price Band	Rs. 56 to Rs. 61
Bid Lot	235
Listing	BSE & NSE
Issue Size (no. of shares in mn)	23.5
Issue Size (Rs. in bn)	1.4
Face Value (Rs.)	2

## Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	Pantomath Capital Advisors Pvt. Ltd.
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Registrar	Kfin Technologies Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	49.8	36.8
Public	50.2	63.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

(Assuming issue subscribed at higher band)

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# Dev Accelerator Ltd.

a new Surat center targeted to go live within the current fiscal. These expansions are expected to strengthen regional presence and add operational capacity. Notably, DevX is also making its foray into international markets with an LoI signed for a managed office space center in Sydney, Australia. The move aligns with global flex space trends, particularly in gateway cities with strong startup and SME ecosystems. This measured yet forward-looking expansion strategy positions DevX to capitalize on both domestic and international market opportunities, while maintaining a disciplined approach to portfolio growth.

## Valuation

DevX is a leader in India's fast-growing Tier-2 flexible workspace market, with about 57% of its revenue coming from Ahmedabad, Jaipur, and Vadodara which are non-metro locations. This strategy aligns with the post-COVID trend of rising demand for cost-effective workspaces in smaller cities. Post-COVID, the flex segment has accounted for a 17-18% share of the annual gross leasing on average. Going forward, the trend of flex space expansion is expected to continue with the operational flex stock estimated to double over the next five years and reach 129 million sq. ft. by 2028, which is a big positive for DevX. Financially, the company demonstrated a robust topline growth at a CAGR of 50.8% during FY2023-25 period, reaching Rs. 1,589 million in FY25. The company recently turned profitable, with a PAT of Rs. 17.44 million in FY25 which narrowed down from a loss of Rs. 128 million in FY23. The company also has a healthy EBITDA margin of 50.6% which is the best amongst its peers. EV/EBITDA of DevX is approximately 8.4x compared to its peers having EV/EBITDA in the range of 10-12x. With operating leverage likely to kick-in going ahead, the company's financial performance is expected to improve further. Therefore, we believe that consistent high utilization, margin expansion and rapid scale-up holds potential to deliver robust business performance going ahead. **Given its strong financial performance and operating metrics, strategic positioning in Tier 2 markets and industry tailwinds, we recommend a "SUBSCRIBE" rating for the issue from a medium to long term perspective.**

## Key Risks:

- ⇒ The land and building at any of the company's centers is not owned by them. Hence, any issues in the title or ownership of land and building where these centers are located may result in disputes, impacting the profitability of the company.
- ⇒ The company has acquired 43.7% of the paid-up equity share capital of Janak Urja Pvt. Ltd., in pursuance of the PropCo-Opco model. If the company fails to realise financial benefits, it may affect the financial condition and results of operations of the company.

# Dev Accelerator Ltd.

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Revenue</b>			
Revenue from operations	699	1,081	1,589
<b>Total revenue</b>	<b>699</b>	<b>1,081</b>	<b>1,589</b>
<b>Expenses</b>			
Cost of Services	238	202	416
Employee Benefits	67	75	132
Other Expenses	96	157	236
<b>Total operating expenses</b>	<b>401</b>	<b>435</b>	<b>784</b>
<b>EBITDA</b>	<b>298</b>	<b>646</b>	<b>805</b>
Depreciation & amortization	301	450	522
<b>EBIT</b>	<b>-3</b>	<b>196</b>	<b>283</b>
Finance costs	173	310	446
Other Income	15	26	190
Share of Profit/(Loss) of Associates	1	2	0
<b>PBT</b>	<b>-160</b>	<b>-86</b>	<b>27</b>
<b>Total tax</b>	<b>-32</b>	<b>-91</b>	<b>9</b>
<b>PAT</b>	<b>-128</b>	<b>4</b>	<b>17</b>
<b>Diluted EPS</b>	<b>-2.6</b>	<b>0.1</b>	<b>0.3</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	265	76	938
Cash flow from/(used in) investing activities	241	-409	-380
Net cash flows (used in) / from financing activities	-37	333	-529
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>469</b>	<b>0</b>	<b>28</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18</b>	<b>5</b>	<b>5</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>5</b>	<b>34</b>

Source: RHP, BP Equities Research

# Dev Accelerator Ltd.

## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	316	558	606
Capital Work in progress	3	3	3
Right-of-use of assets	1,958	2,083	2,287
Other Intangible Assets	2	49	41
Other intangible assets under development	0	0	1
Goodwill	0	0	0
<b>Financial Assets</b>			
(ii) Investments	10	91	531
(i) Loans	1.2	84	365
(iii) Other financial assets	201	362	342
Deferred tax Assets (Net)	42	134	142
Other Non-Current Assets	68	76	51
<b>Total Non Current assets</b>	<b>2,601</b>	<b>3,440</b>	<b>4,369</b>
<b>Current Assets</b>			
Inventories	3	0	0
<b>Financial Assets</b>			
(i) Trade Receivables	37	119	423
(ii) Cash and cash equivalents	5	5	34
Current tax Assets ( Net)	35	65	160
Other current assets	144	482	418
<b>Total Current Assets</b>	<b>223</b>	<b>671</b>	<b>1,034</b>
<b>Total Assets</b>	<b>2,824</b>	<b>4,111</b>	<b>5,404</b>
<b>Equity and Liabilities</b>			
Equity Share Capital	36	36	169
Other Equity	-24	252	379
Non - Controlling Interest	0	0	0
<b>Total Equity</b>	<b>12</b>	<b>288</b>	<b>548</b>
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	239	701	989
(ii) Lease Liabilities	1,631	1,749	1,911
(iii) Other financial liabilities	214	274	454
Provisions	1	2	3
<b>Total Non-Current Liabilities</b>	<b>2,085</b>	<b>2,726</b>	<b>3,358</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	93	309	317
(ii) Trade Payables	170	231	391
(iii) Lease Liabilities	388	490	638
(iv) Other financial liabilities	0	0	0
Other current liabilities	67	62	145
Provisions	8	5	7
<b>Total Current Liabilities</b>	<b>726</b>	<b>1,096</b>	<b>1,498</b>
<b>Total Liabilities</b>	<b>2,812</b>	<b>3,823</b>	<b>4,856</b>
<b>Total Equity and Liabilities</b>	<b>2,824</b>	<b>4,110</b>	<b>5,404</b>

Source: RHP, BP Equities Research

## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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