

IPO Details		Company Background				
<b>Opening Date</b>	Sept 27, 2023	<ul style="list-style-type: none"> <li>○ Kontor Space Limited was originally incorporated in the year 2018 and has its registered office in Maharashtra.</li> <li>○ The Company provide “space-as-a-service” by renting and managing commercial spaces.</li> <li>○ The company is operating the Co-working space from 4 locations.</li> <li>○ As of 31<sup>st</sup> March 2023, the Company has 9 Employees on its payroll.</li> </ul>				
<b>Closing Date</b>	Sept 29, 2023					
<b>Stock Exchange</b>	NSE SME					
<b>Lot Size</b>	1,200 Shares					
<b>Issue Price</b>	₹ 93 per share					
<b>Issue Size</b>	Aggregating up to 15.62 Cr.					
<b>Fresh Issue</b>	Aggregating up to 15.62 Cr.					
<b>Offer for Sale Application</b>	-					
<b>Amount</b>	₹ 1,11,600					
IPO Objective		Market Capitalization (In Cr.)				
Capital Expenditure for fit outs of new co-working centers.		Pre-Issue		Post-Issue		
Payments of rental deposits of new co-working centers.		₹ 42		₹ 57		
General Corporate Purpose.		Financial Summary (In Lacs)				
Pre-Issue Shareholding		For the Period Ended	Mar-21	Mar-22	Mar-23	
Category	No. of Shares	% of Total Shares	<b>Total Assets</b>	535.84	580.83	1,295.31
Promoter & Promoter Group	44,18,989	98.20%	<b>Net Assets</b>	44.87	75.31	464.67
Public	81,011	1.80%	<b>Total Borrowings</b>	203.75	210.31	552.78
Promoter of the Company		<b>Total Revenue</b>	390.24	403.76	917.84	
1	Kanak Mangal	<b>Profit After Tax</b>	-61.76	30.43	187.89	
2	Neha Mittal	Tentative Timeline				
Competitive Strengths		<b>Opening Date</b>	Sept 27, 2023			
1	Brand image backed by service.	<b>Closing Date</b>	Sept 29, 2023			
2	Asset-light model.	<b>Basis of Allotment</b>	Oct 05, 2023			
3	Economical pricing.	<b>Initiation of Refunds</b>	Oct 06, 2023			
4	Contract flexibility.	<b>Credit of Shares to Demat</b>	Oct 09, 2023			
5	Smart workspaces.	<b>Listing Date</b>	Oct 10, 2023			
6	Convenience of enquiry/booking.					
7	Understanding ultimate client user preferences, service upgradation and roll out capabilities.					
8	Strategic Location					

### Company Background and Analysis

The Company was originally incorporated in the year 2018. The company provide “space-as-a-service” by renting and managing commercial spaces. The company with technological expertise, aims to foster a culture of collaboration and productivity by offering flexibility, convenience, and astounding quality at a significantly competitive price to the clients ranging from small-scale startups to large conglomerates.

The company is operating the Co-working space from 4 locations situated at

1. 9th Floor, Office No. A1 and B1, Ashar IT Park, Jayashri Baug, Road No.16, Wagle Industrial Estate, Thane West, Maharashtra, 400604.
2. Office No. 304 to 314, 318 to 322, Floor No 3, Kantilal Parmar Commercial Tower, Vithalrao Shivker Marg, Near Big Bazar Mall, Wanowarie, Haveli, Pune, Maharashtra, 411040.
3. 4th Peninsula House, Dr Dadabhai Navroj Road, Fort, Mumbai -400001 and
4. Unit no. 608, 6th floor, Plot No. C 66, G-Block, One BKC, Bandra Kurla Complex, Bandra, Mumbai 400 051.

### Business Model –

The company purchases the property and / or take properties on rent, to sub-rent / sub-lease the same to single or multiple clients for their workspace requirements with or without furnishing the same as per their needs on per-seat basis.

The company further invest in fit outs to customize the property to suit the business model and renovate, modernize the properties according to the working needs in terms of business requirement such as furniture, work-desks, open work area, cabins, meeting rooms, conference rooms, cafeteria, play area, reception, lockers, de-stress zones etc. and equip the same with peripherals like printers, scanners, attendance devices, telephones, hi-speed internet, air-conditioners, water-coolers, smoking-zones, and other facilities.

Occupancy/Capacity and Capacity Utilisation is given below-

Sr.no	Centre Name	No. of seats	Average Occupancy (for financial ear 2022-23)
1	Thane	730	90%
2	Pune	300	90%
3	Fort	60	100%
4	BKC	120	N.A

To conclude, the company was originally incorporated in the year 2018. The company provide “space-as-a-service” by renting and managing commercial spaces. The company has only one source of revenue. The company operates from 4 locations in Maharashtra. The company is raising gross proceeds of Rs. 15.62 Cr.

## Business Strategies

### 1. Expansion

The company intends to establish additional coworking spaces in further geographies to be identified as per the business plans. The company believes that the expansion plan will not only enable them to expand the business activities but also effectively cater to the growing demand of the clientele.

### 2. Reduction of funding costs

The company intends continue to evaluate various funding mechanisms which will enable them to reduce the borrowing cost and improve the liquidity position.

### 3. Optimal Utilization of Resources

The company intends to further invest in the activities to develop customized systems and processes to ensure effective management control.

### 4. Attract and retain talented employee.

The company intends to continue to reduce the employee attrition rate and retain more skilled workers by improving the employees' health, safety, and environment by providing various programs and benefits for their personal well-being and career development.

### 5. Enhance brand awareness and engagement through digital marketing.

The company aspires to use the marketing expertise to build an effective online presence and engage with the clients through relevant content and appropriate targeting.

## Competitive Scenario and Peer Mapping

### Competition

The company operates in a competitive segment. The barrier to entry in such a sector is moderate. The bargaining power with the suppliers is high and the bargaining power with the customers is relatively low in the sector in which the company operates.

### Peer Analysis

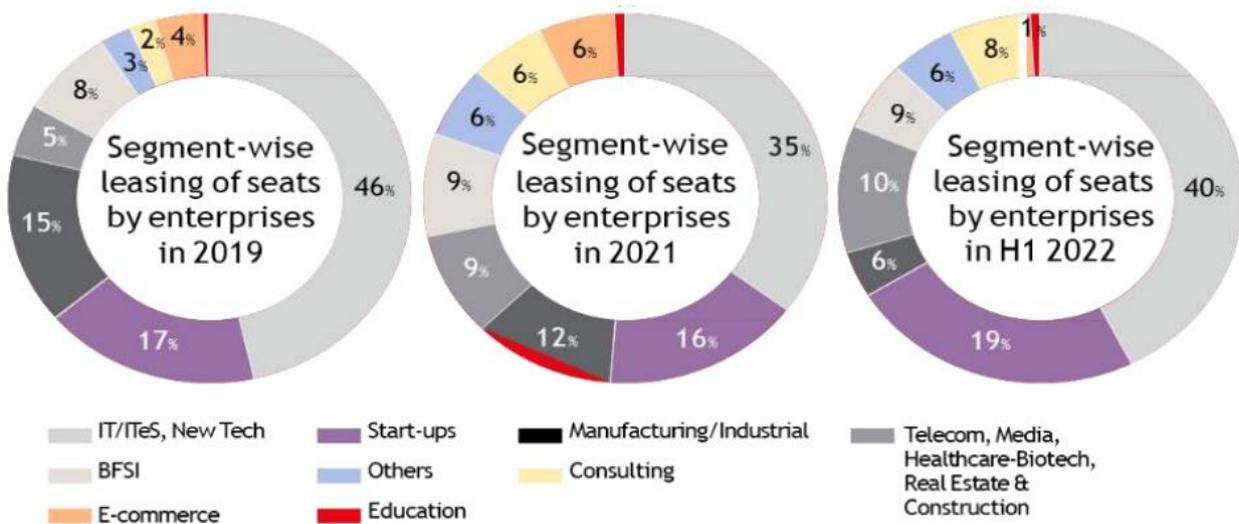
The company has no listed peer companies as per the offer document.

**Industry Overview**

Exhibit 1: Market fragmentation in Indian Co-working Space



Exhibit 2: Enterprise lease classification according to deal size in 2021 & H1 2022



(Source: prospectus)

### **Co-Working Space Industry -**

Co-working is a space-as-a-service (SPAAS) arrangement in which people from different teams and companies come together to work in a single shared space. Co-working spaces typically offer amenities such as Wi-Fi, printers, meeting rooms, and coffee, and they often have a community-oriented atmosphere. The term "co-working" was first coined in 1999 by Brad Neuberg, who founded the first co-working space, Hat Factory, in San Francisco. The concept of co-working quickly gained popularity, and today there are co-working spaces all over the world.

The co-working spaces market is majorly determined by the increase in the number of start-ups globally. According to the Global Startup Ecosystem Report 2021, by Startup Genome, the global start-up economy was worth USD 3.8 trillion. The growth is backed by the expansion of IoT (Internet of Things) space, exposure to the knowledge of entrepreneurship outside the boundaries of the country, and improved literacy rates. Besides, advanced manufacturing and robotics, agriculture technology and new food, blockchain, artificial intelligence, big data, and analytics were the fastest-growing start-up sub-sectors globally.

The development of sustainable co-working spaces is a major trend shaping the co-working spaces market. Co-working spaces are implementing eco-friendly measures in the workplace to attract entrepreneurs concerned with environmental issues such as global warming. Sustainable practices adopted by co-working space providers offer substantial benefits and are economically feasible. For instance, CoCoon in Hong Kong has a floor made of natural bamboo and uses non-toxic paints and LED lights. In addition to this, droughtresistant plants are part of the interior and exterior. Another such example is Green Spaces in Denver uses about 160 solar panels on the roofs of its offices. These allow significant cost savings at Green Spaces. Thus, sustainable co-working space is a key trend in the co-working spaces market.

### **Indian Co-Working Space Market -**

According to India Co-working Office Spaces Market Size & Share Analysis – Growth Trends & Forecast (2023- 2028), by Mordor Intelligence, the size of Co-working Office Spaces market in India was USD 1.78 billion in 2022 and is anticipated to register a CAGR of over 7% during 2023-2028. The report also states that the first half of 2022 has seen a rebound in the co-working space industry, driven by the increased demand for flexible office space. As per statistics, demand for co-working spaces increased by a staggering 643% in H1 2022 compared to the same time five years ago.

According to The age of flex: Creating future-ready workplaces Report by CoWrks-JLL released in September 2022, India's flex segment penetration of office stock stands at 3.9% growing from 3.0% in 2020. However, it is still some way off the 5% penetration levels of mature markets across EMEA and USA. While Bengaluru continues to grow with a penetration level higher than even global standards, it will continue to be the segment driver with gateway cities like Delhi NCR, Mumbai, and Hyderabad expected to grow at a faster pace. With Pune and Chennai also witnessing increased traction. The analysis in CoWrks-JLL report, further expects that India's overall flex penetration levels to go up to 4.5-5.0% over the next five years.

(Source: prospectus)

## Key Managerial Personnel

**Kanak Mangal**, aged 43, is one of the Promoters, Chairman, and Whole-Time Director of the company. He holds degree of Bachelor of Business Administration and Postgraduation in Management Studies. He has 12+ year business operation experience including 5+ years of experience in commercial real estate and co-working spaces industry. He oversees and contributes toward overall business management of the Company.

**Kanan Kapur**, aged 41, is the Managing Director of the company. She is a Commerce Graduate and Qualified ACCA (Chartered Accountant) Level II professional. She has extensive experience of 20 years in business development, growth strategy and fund management. She is responsible for the handling overall functioning and Business development of the Company.

**Neha Mittal**, aged 36, is one of the Promoters, and Non-Executive Director of the company. She holds a degree of master's in business administration. She possesses 8 years of overall experience in Real Estate Consultancy, Business Administration. She is engaged in brand building, strategic management related to community building, customer experience and customer retention.

**Rajat Kothari**, aged 41, is the Independent, and Non-Executive Director of the company. He holds degree of Company Secretary from the Institute of Company Secretaries of India. He has 6 years of experience in Corporate Secretarial, Legal, Finance and Management field.

**Monika Jain**, aged 43, is the Independent, and Non-Executive Director of the company. She holds degree of Company Secretary from the Institute of Company Secretaries of India, and also holds master's degree in business administration. She has overall experience of 4 years and 3 years of experience as a Practicing Company Secretary

**Rahul Jhuthawat**, aged 35, is the Additional Independent Non-Executive Director of the company. He is qualified Chartered Accountant and is result-oriented professional with +8 years of experience in managing overall finance function in financial Planning & management, procedure and controls, maintenance of accounts, profitability monitoring.

To conclude, the company has 2 promoters, and they have good experience in the fields in which the company operates. The remaining directors have good knowledge and experience in the fields which help in the growth of the business.

**Financial Snapshot**

<b>Profit and Loss Statement</b>			
	<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Revenue from Operations	390.24	400.70	917.40
Other Income	-	3.06	0.44
<b>Total Income</b>	390.24	403.76	917.84
<b>Expenses</b>			
Purchase of stock-in-trade	-	-	-
Change in Inventories of finished goods, stock in process & stock in trade	-	-	-
Employee benefits expense	61.42	40.97	38.90
Finance costs	11.30	13.28	53.86
Depreciation and Amortization expense	72.35	(40.83)	79.80
Other expenses	282.94	345.12	481.78
<b>Total Expenses</b>	428.01	358.54	654.34
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	32.19	13.97	394.93
<b>EBITDA Margin</b>	8%	3%	43%
<b>Profit before exceptional and extraordinary items and tax</b>	(37.77)	45.22	263.50
<b>Profit on sale of property</b>	13.69	0.64	1.79
<b>Profit/(Loss) before tax</b>	(51.46)	44.58	261.71
Tax Expense			
Current Tax	-	-	48.09
Deferred tax (net)	10.30	14.15	25.73
Total Tax Expense	10.30	14.15	73.82
<b>Profit/(Loss) for the year</b>	(61.76)	30.43	187.89
Net Profit Margin	-16%	8%	20%

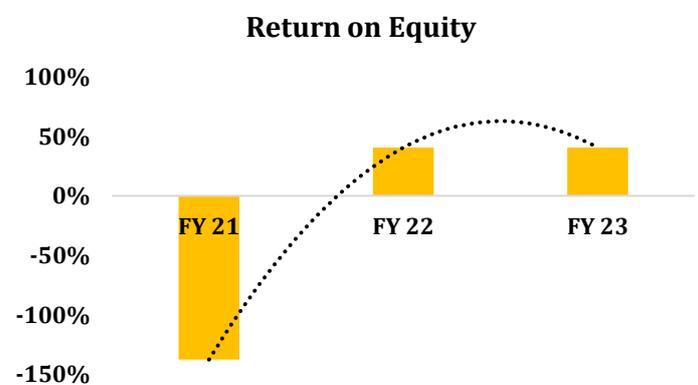
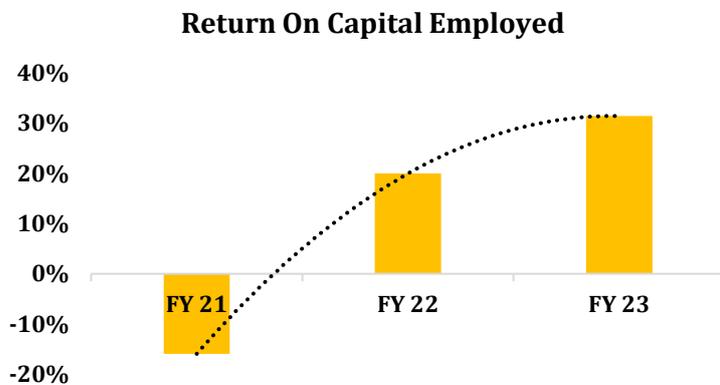
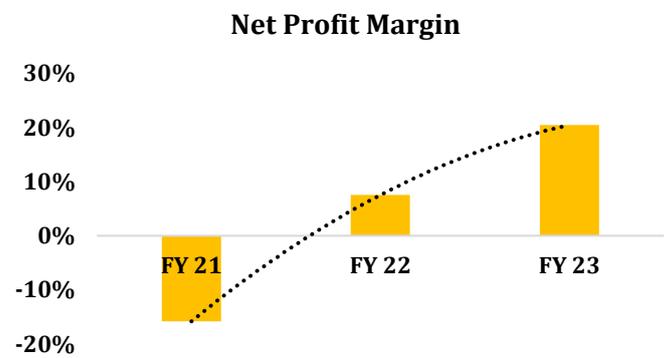
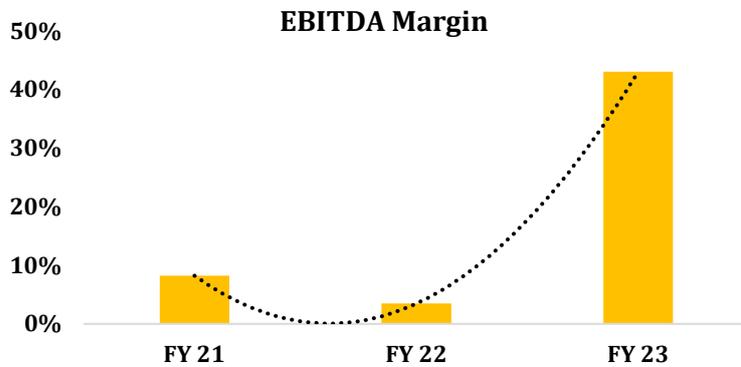
<b>Balance Sheet</b>			
	<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	200.00	200.00	400.00
Reserves and Surplus	(155.13)	(124.69)	64.67
<b>Total Equity</b>	44.87	75.31	464.67
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	203.75	193.68	510.82
Deferred tax liabilities (Net)	-	-	18.49
Long Term Provisions	3.14	5.64	9.37
<b>Total Non-current liabilities</b>	206.89	199.32	538.68
<b>Current liabilities</b>			
(i) Short Term Borrowings	-	16.63	41.96
(ii) Trade Payables			
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	143.99	113.87	29.35
Other Current Liabilities	128.98	167.39	160.02
Short-Term Provisions	11.11	8.30	60.62
<b>Total Current liabilities</b>	284.08	306.19	291.95
<b>Total Liabilities</b>	490.97	505.51	830.63
<b>Total Equity and Liabilities</b>	535.84	580.82	1,295.30
<b>ASSETS</b>			
<b>Non-Current Assets</b>			

<b>Balance Sheet</b>	<b>(In Lacs)</b>		
Property, Plant and Equipment	286.96	430.89	965.99
Deferred Tax Assets (Net)	21.39	7.24	-
Other non-current assets	46.44	45.49	62.53
<b>Total Non-Current assets</b>	<b>354.79</b>	<b>483.62</b>	<b>1,028.52</b>
<b>Current Assets</b>			
Current Investments	-	-	-
Inventories	-	-	-
Trade Receivables	44.46	20.60	4.63
Cash and Cash Equivalents	23.49	4.10	208.22
Short-Term Loans and Advances	0.10	0.28	-
Other Current Assets	113.00	72.23	53.94
<b>Total Current assets</b>	<b>181.05</b>	<b>97.21</b>	<b>266.79</b>
<b>Total Assets</b>	<b>535.84</b>	<b>580.83</b>	<b>1,295.31</b>

<b>Cash Flow Statement</b>	<b>(In Lacs)</b>		
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Net Cash Flow from Operating Activities	6.25	89.61	394.79
Net Cash Flow from Investing Activities	25.56	(102.32)	(631.66)
Net Cash Flow from Financing Activities	(38.65)	(6.67)	489.09

<b>Ratio Sheet</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Particulars</b>			
<b>Per Share Data</b>			
Diluted EPS	-3.09	1.52	9.37
BV per share	0.73	1.22	7.52
<b>Operating Ratios (%)</b>			
EBITDA Margins	8%	3%	43%
PAT Margins	-16%	8%	20%
Inventory days	-	-	-
Debtor days	41.58	18.76	1.84
Creditor days	-	-	-
<b>Return Ratios (%)</b>			
RoCE	-16%	20%	31%
RoE	-138%	40%	40%
<b>Valuation Ratios (x)</b>			
EV/EBITDA	6.99	20.15	2.05
Market Cap / Sales	14.73	14.34	6.26
P/E	-30.10	61.18	9.93
Price to Book Value	128.09	76.32	12.37
<b>Solvency Ratios</b>			
Debt / Equity	4.54	2.79	1.19
Current Ratio	0.64	0.32	0.91
Quick Ratio	0.64	0.32	0.91
Asset Turnover	0.73	0.69	0.71
Interest Coverage Ratio	-3.55	4.13	5.85

## Financial Charts



## Key Risk Factors

1. The Company has accumulated loss as on March 31, 2022, and March 31, 2021, for an amount of Rs. 124.69 Lakhs and Rs. 155.13 Lakhs respectively.
2. The Company, Promoter and Directors are parties to certain tax proceedings. Any adverse decision in such proceedings may have a material adverse effect on the business, results of operations and financial condition.

**Track Record of Lead Manager**

The lead manager to the issue is Srujan Alpha Capital Advisors LLP. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Arujan Alpha Capital Advisors LLP -**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Dharni Capital Service Limited	10.74	20.00	January 31, 2023	26.08

\*CMP for the above-mentioned companies is taken as of 24<sup>th</sup> September 2023.

As per the offer document, Srujan Alpha Capital Advisors LLP has had 1 mandate in the last four years. For Srujan Alpha Capital Advisors LLP, the above-mentioned has opened at premium on the listing date.

### Recommendation

The company has been in the industry since 2018 and is relatively very new to the industry. The company has margins has seen a sudden hike for FY 2023 which does not look sustainable.

The PE on an annualised and post-IPO basis is 30.59 times which seems to be slightly overpriced by looking at the performance of the company.

The company operates in a competitive segment. The management outlook of the company is satisfactory. The financial outlook of the company is not that satisfactory. The company has accumulated losses for FY 2021, and 2022. The demand in the market for such sector is high but the company is relatively new to the market which makes it a risky buy. Thus, we recommend **AVOID** to this IPO.

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