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AWFIS SPACE SOLUTIONS LIMITED



(Please scan this QR code to view the Red Herring Prospectus)

Our Company was incorporated as Awfis Space Solutions Private Limited at Delhi, as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated December 17, 2014, issued by the RoC. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on November 24, 2023 and the name of our Company was changed to Awfis Space Solutions Limited with a fresh certificate of incorporation dated December 5, 2023, issued to our Company by the RoC. For further details on the changes in the name and registered office of our Company, see "History and Certain Corporate Matters" on page 249 of the Red Herring Prospectus dated May 14, 2024 filed with the RoC, read with the addendum to the red herring prospectus dated May 15, 2024 and second addendum dated May 21, 2024 ("RHP" or "Red Herring Prospectus").

Registered and Corporate Office: C-28/29, Kisan Bhawan, Qutub Institutional Area, New Delhi - 110 016, India. Contact Person: Anil Kumar, Company Secretary and Compliance Officer; Telephone: +91 11 4156 1876; Email: cs.corp@awfis.com; Corporate Identity Number: U74999DL2014PLC274226; Website: www.awfis.com

THE PROMOTERS OF OUR COMPANY ARE AMIT RAMANI AND PEAK XV PARTNERS INVESTMENTS V (FORMERLY KNOWN AS SCI INVESTMENTS V)

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [•] MILLION ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 1,280.00 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 12,295,699 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹ [•] MILLION.

THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES, AGGREGATING UP TO ₹ 20.80 MILLION (CONSTITUTING UP TO [•]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [•]% AND [•]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE BY SELLING SHAREHOLDERS AND THE WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH

| NAME OF SELLING SHAREHOLDER | TYPE | NUMBER OF SHARES OFFERED / AMOUNT (₹ IN MILLION) | WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*^ |
|--|------------------------------|---|--|
| Peak XV Partners Investments V (formerly known as SCI Investments V) | Promoter Selling Shareholder | Up to 6,615,586 Equity Shares aggregating up to ₹ [•] million | 135.62 |
| Bisque Limited | Other Selling Shareholder | Up to 5,594,912 Equity Shares aggregating up to ₹ [•] million | 156.28 |
| Link Investment Trust | Other Selling Shareholder | Up to 85,201 Equity Shares aggregating up to ₹ [•] million | 156.28 |

*As certified by N B T and Co, Chartered Accountants, pursuant to their certificate dated May 21, 2024.

^ Calculated on a fully diluted basis.

We provide a wide spectrum of flexible workspace solutions ranging from individual flexible desk needs to customized office spaces for start-ups, small and medium enterprises as well as for large corporates and multi-national corporations.

The Offer is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations

QIB Portion: Not less than 75% of the Net Offer | Non-Institutional Portion: Not more than 15% of the Net Offer | Retail Portion: Not more than 10% of the Net Offer
Employee Reservation Portion: Up to [•] Equity Shares aggregating up to ₹20.00 Million

PRICE BAND: ₹364 TO ₹383 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

BIDS CAN BE MADE FOR A MINIMUM OF 39 EQUITY SHARES AND IN MULTIPLES OF 39 EQUITY SHARES THEREAFTER.

A DISCOUNT OF ₹ 36 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

THE FLOOR PRICE IS 36.4 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 38.3 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.

SINCE BASIC AND DILUTED EPS FOR THE FINANCIAL YEAR 2023 ON RESTATED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY IS NEGATIVE, P/E RATIO WILL NOT BE ASCERTAINABLE.

WEIGHTED AVERAGE RETURN ON NET WORTH FOR FISCALS 2023, 2022 AND 2021 IS (38.60)%.

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated May 15, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section of the RHP beginning on page 134 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in "Basis for Offer Price" section on page 134 of the RHP, "Risk Factors" section beginning on page 36 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISK TO INVESTORS

1. We have a history of net losses, negative earnings per share ("EPS") and return on net worth ("RoNW"). We need to generate and sustain increased revenues while managing our expenses to achieve profitability, and our inability to achieve these goals may have an adverse effect on our business, results of operations, cash flows and financial condition. The following table sets forth our restated loss, our basic and diluted EPS and RoNW as at and for the period / year:

| Particulars | As at and for the Fiscal | | | As at and for nine months ended December 31, 2023 |
|--|---|----------|----------|---|
| | 2021 | 2022 | 2023 | |
| | (in ₹ million, unless otherwise stated) | | | |
| Restated loss for the period/year | (426.42) | (571.56) | (466.37) | (189.42) |
| Earnings/(Loss) per equity share (basic) (₹) | (8.38) | (10.68) | (8.11) | (3.05) |
| Earnings/(Loss) per equity share (diluted) (₹) | (8.38) | (10.68) | (8.11) | (3.05) |
| Return on Net Worth (in %) | (28.29)% | (60.34)% | (27.54)% | (7.66)% |

2. We have experienced negative cash flows in previous Fiscals and may continue to have negative cash flows in the future. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. Our consolidated cash flow for the period / years are set forth in the table below:

(in ₹ million)

| Particulars | For Fiscals | | | For nine months ended December 31, 2023 |
|--|-------------|----------|------------|---|
| | 2021 | 2022 | 2023 | |
| Net cash flows from Operating Activities (A) | 574.44 | 826.94 | 1,951.88 | 1,946.61 |
| Net cash flows used in Investing Activities (B) | (377.39) | (72.16) | (1,701.07) | (1,623.69) |
| Net cash flows used in Financing Activities (C) | (166.86) | (798.56) | (277.74) | (263.11) |
| Net increase/(decrease) in cash and cash equivalents (D=A+B+C) | 30.19 | (43.79) | (26.93) | 59.81 |

3. We may not be able to attract new clients in sufficient numbers, continue to retain existing clients, a portion of whom enter into service agreements ("Client Agreement") with short-term commitments, or agree sufficient rates to sustain and increase our client base or at all. The following table sets forth the number of clients by tenure and percentage of our occupied seats by tenure for the periods indicated:

| Tenure | As of | | | | | | | |
|---------------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
| | March 31, 2021 | | March 31, 2022 | | March 31, 2023 | | December 31, 2023 | |
| | Number of clients | Percentage of occupied seats | Number of clients | Percentage of occupied seats | Number of clients | Percentage of occupied seats | Number of clients | Percentage of occupied seats |
| Less than 12 months | 664 | 29.38% | 888 | 25.22% | 863 | 14.05% | 783 | 11.73% |
| 12-23 months | 370 | 41.77% | 662 | 36.63% | 1,031 | 27.16% | 1,401 | 31.35% |
| 24 months or more | 49 | 28.85% | 108 | 38.16% | 254 | 58.79% | 326 | 56.92% |

4. We have substantial capital expenditure and working capital requirements and may require additional financing to meet those requirements and will have to raise additional funds by incurring further indebtedness or issuing additional equity to meet our capital expenditures or working capital needs in the future, which could have a material adverse effect on our results of operations, cash flows and financial condition. The following table sets forth our historical working capital requirements and addition in property plant & equipment (or capital expenditure) for the period as indicated:

(₹ million)

| | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2023 | As at December 31, 2023 |
|--|----------------------|----------------------|----------------------|-------------------------|
| Total working capital requirements | 1,030.65 | 27.97 | (212.15) | 356.30 |
| Addition in property plant & equipment | 402.11 | 510.17 | 1,637.97 | 756.47 |

5. We will not receive any proceeds from the Offer for Sale portion and the same will be received by the Selling Shareholders.

6. Average cost of acquisition of Equity Shares for our Selling Shareholders in the Offer is as stated in the below table and the Offer Price at the upper band of the price band is ₹383.

| Name | Number of Equity Shares | Average Cost of Acquisition per Equity Share (in ₹) |
|--------------------------------|-------------------------|---|
| Peak XV Partners Investments V | 14,281,319 | 135.62 |
| Bisque Limited | 15,687,893 | 156.28 |
| Link Investment Trust | 238,904 | 156.28 |

Note: Average cost of acquisition of Equity Shares of the Company held by the Selling Shareholders in respect of their respective shareholding in the Company is calculated as per FIFO Method.

*As certified by N B T and Co, Chartered Accountants, pursuant to their certificate dated May 21, 2024.

