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INVESTMENTS

Credence Investments

<https://Credenceinvestments/Innov8>

Company Note as of 31st December 2024



COMPANY OVERVIEW

Metric	Value
ISIN	INE852S01026
Sector	Real Estate – Coworking Spaces.
Category	Private Company

SNAPSHOT: INNOV8

Innov8 is India's leading provider of premium coworking spaces, known for its **design-centric approach** and **comprehensive service offerings**. Founded in 2015 by **Ritesh Malik, Shailesh Gupta, and Sumit Ranka**, the company quickly emerged as a **key player** in the **Indian coworking market**.

Innov8 **distinguishes itself** by focusing on creating **aesthetically pleasing** and **productive work environments**, often incorporating **innovative design elements** and **modern amenities**.

The company was **acquired by OYO Hotels & Homes** in **March 2019**, marking OYO's **entry into commercial real estate** and **workspace solutions**. Despite the acquisition, **Innov8 operates independently** under OYO's umbrella, focusing on **expanding its network** and **enhancing its services**. It caters to a **diverse clientele**, ranging from **startups and SMEs** to **large corporations**, offering **flexible workspace solutions** tailored to various business needs.

With a presence in major Indian cities like **Delhi NCR, Mumbai, Bangalore, Hyderabad, Chennai, and Pune**, Innov8 has established a strong reputation for **high occupancy rates** and a **prestigious client base**, including brands like **Swiggy, Tata Digital, and Paytm**. The company also places a strong emphasis on **community building**, providing members with a platform for **networking** and **collaboration**.

Innov8's commitment to **innovation** is evident in its ongoing efforts to **upgrade its facilities**, **integrate new technologies**, and **enhance service offerings**.

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PRODUCTS & SERVICES:

Innov8 offers a **comprehensive suite of workspace solutions** tailored to meet the **evolving needs of modern businesses** and **working professionals**:

- **Private Offices:** Fully furnished and **customizable cabins** for teams of all sizes, offering a **secure, dedicated workspace** with **enhanced privacy**.
- **Dedicated Desks:** Reserved **individual workstations** within a shared office, ensuring a **consistent** and **personalized work area**.
- **Hot Desks:** **Flexible seating** in open coworking areas—perfect for individuals seeking a **dynamic work environment** or occasional usage.
- **Meeting & Conference Rooms:** **Well-equipped rooms** available for **hourly or daily rental**. Ideal for **team meetings, client presentations, workshops, or interviews**, with features like **high-speed Wi-Fi, whiteboards, and AV equipment**.
- **Event Spaces:** **Versatile venues** for **corporate events, product launches, seminars, and networking sessions**. These come with **customizable layouts** and **onsite support**.
- **Virtual Office Services:** Offers a **professional business address, mail handling, and on-demand access** to meeting rooms—**without physical office space**.
- **Customized Office Solutions:** **Tailor-made workspaces** for **larger enterprises**, including **design, setup, and facility management**.
- **Amenities:** **All-inclusive perks** such as **high-speed internet, printing & scanning, air conditioning, power backup, 24/7 security, and cafeteria/breakout areas**.
- **Community & Networking:** Fosters **collaboration** through **regular events, workshops, and member networking opportunities**.
- **Technology & Support:** **Tech-enabled offices** with **fiber-optic internet, video conferencing, smart office systems, and on-site IT support**.

COMPANY OVERVIEW

Innov8 – Key Milestones & Achievements

- **2015 – Founding Year:** Innov8 was founded by **Ritesh Malik, Shailesh Gupta, and Sumit Ranka**, with a vision to **transform traditional office spaces** through **aesthetically designed, flexible, and community-focused coworking environments**.
- **Rapid Expansion Across Tier 1 Cities:** Shortly after launch, Innov8 **expanded swiftly** into **major Indian metros** like **Delhi NCR, Mumbai, Bangalore, Hyderabad, Chennai, and Pune**, catering to **startups, freelancers, SMEs, and large enterprises**.

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- **2019 – Acquisition by OYO:** In March 2019, Innov8 was acquired by OYO Hotels & Homes, marking OYO's entry into the **workspace solutions** and **commercial real estate** segment. Despite the acquisition, Innov8 continued to operate as an **independent brand**, leveraging OYO's resources to **accelerate its growth**.
- **Positioning as a Premium Coworking Brand:** Innov8 established a **strong market presence** as a **design-first coworking provider**, known for its **high occupancy rates**, **unique interiors**, and **client-centric services**.
- **Diversified Clientele:** Built a **reputation** for attracting **top-tier clients**, including **Swiggy, Paytm, Tata Digital**, and other prominent startups and corporates, demonstrating trust in its **workspace offerings**.
- **Design Innovation:** Recognized for its **design philosophy**, Innov8 integrates **local cultural aesthetics** with **modern architecture**, creating **inspiring and productive workspaces**.
- **Community-Driven Approach:** Focused on fostering a **vibrant professional community** through **events, workshops**, and **networking opportunities**, setting it apart from traditional office setups.
- **Consistent Demand & Occupancy:** Achieved **high occupancy levels** due to rising demand for **flexible workspaces**, maintaining a competitive edge in the **coworking ecosystem**.

INDUSTRY OVERVIEW

- The **coworking industry in India** has seen **substantial growth** in recent years, driven by the **rise of startups**, the shift towards **remote and flexible work models**, and the need for **cost-effective** office solutions.
- The **COVID-19 pandemic** acted as a **catalyst**, prompting businesses to explore more **agile** and **de-densified workspaces**, accelerating the adoption of **flexible office environments**.
- The market features a **diverse mix** of players, including **global giants** and **domestic brands**. Notable names include **WeWork, Smartworks, Awfis, 91springboard, IndiQube**, and **Innov8**, each catering to different **price points** and **client needs**.
- A key trend shaping the industry is the shift toward **enterprise-focused solutions**, where coworking providers offer **customized office setups** for large corporations, alongside tech-enabled infrastructure.
- Increasing **emphasis on community engagement** and **networking opportunities** has become a major differentiator, with many providers organizing **events, mentorship programs**, and **collaborative platforms**.

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- The market is expected to maintain its **growth momentum**, driven by the widespread adoption of **hybrid work models** and the benefits coworking offers in terms of **flexibility, scalability, and cost optimization**.
- Current trends also indicate **industry consolidation**, with larger players acquiring smaller operators to expand footprint and resources. There is also a growing focus on **profitability** and **operational sustainability**.
- An emerging segment includes **niche coworking spaces** tailored to **specific industries** (e.g., fintech, creative sectors, legal), reflecting a more **specialized approach** to workspace solutions.
- As the sector **matures**, the **regulatory landscape** is becoming more clearly defined, with increased attention to **compliance, safety, and standardization**.
- With **rising competition**, coworking brands are working to build **stronger value propositions**, using **design, technology, and services** to stand out and **retain clientele**.

FINANCIAL HIGHLIGHTS FY 24:

Overview

Innov8, a leading provider of premium coworking spaces in India, has demonstrated robust financial performance in the Fiscal Year 2024 (FY24). Backed by a growing demand for flexible workspaces and a strategic focus on profitability and expansion, the company recorded significant improvements across key financial metrics.

Key Financial Developments

1. Primary Funding Round

- In FY24, Innov8 raised ₹110 crore through a primary funding round.
- The funding valued the company at ₹1,000 crore, underlining its strong growth trajectory and market potential.
- This round was led by several prominent family offices, including:
 - Mankind Pharma
 - Gauri Khan
 - Rupa Group
 - Jagruti Dalmia

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2. Profitability

- Innov8 reported a Profit After Tax (PAT) of ₹62 crore in FY24, a substantial increase from ₹2.5 crore in FY23.
- This marked improvement reflects strong operational execution, increased occupancy rates, and higher demand for coworking solutions post-pandemic.

3. Valuation and Market Position

- The successful fundraising and resulting valuation of ₹1,000 crore reinforce Innov8's position as a leading player in India's coworking space sector.
- The company continues to operate independently under OYO, allowing for focused growth strategies tailored to the flexible workspace segment.

Operational Highlights

- Innov8 currently operates over 40 coworking centers across 8 major Indian cities, with a client base that includes startups, SMEs, and large enterprises.
- The funds raised in FY24 are being directed towards:
 - Expansion of workspace footprint
 - Enhancement of technology infrastructure
 - Upgradation of service offerings and amenities
 - Launch of new centers in key metro areas

Outlook

Innov8's strong financial performance in FY24 and the successful funding round underscore its commitment to scaling operations while maintaining profitability. With a clear growth roadmap and a differentiated brand identity, Innov8 is well-positioned to capitalize on the increasing adoption of hybrid work models and the demand for premium coworking spaces in India.

SHAREHOLDING PATTERN

Category	Percentage
Parent Entity (OYO)	Majority stake
Family Offices & Other Investors	Approximately 10%
Funds	Approximately 1.57%
Angel Investors	Approximately 9.63%
Founders	Approximately 0%
Enterprises	Approximately 0.33%
Parent Entity (OYO)	Majority stake
Family Offices & Other Investors	Approximately 10%

MANAGEMENT

Ritesh Malik	Founder (as of founding)
Pankhuri Sakhuja	Business Head (as of Jan 2025)
Rakesh Kumar	Group Chief Financial Officer (OYO)

IPO DETAILS

As of April 2025, **Innov8**, the coworking subsidiary of **OYO**, has not publicly disclosed any plans for an Initial Public Offering (IPO). The company has been focusing on expanding its footprint and enhancing its service offerings. In January 2025, Innov8 raised ₹110 crore in a primary funding round, valuing the company at ₹1,000 crore. This capital is intended to support strategic growth initiatives, including acquisitions, technology upgrades, partnerships, and expansion into niche segments.

While the coworking industry in India has seen several players exploring public listings, Innov8 has not announced similar intentions. The company continues to prioritize strengthening its market position through organic and inorganic growth strategies.

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NEWS

- https://www.business-standard.com/companies/news/oyo-owned-innov8-raises-rs-110-crore-at-rs-1-000-crore-valuation-125012800537_1.html
- <https://inc42.com/buzz/innov8-fy24-profit-zooms-multifold-to-inr-62-cr/>
- https://realty.economictimes.indiatimes.com/news/commercial/innov8-launches-two-lakh-sq-ft-flexible-spaces-in-mumbai-and-navi-mumbai/116504581?utm_source=top_news&utm_medium=tagListing

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