SMARTWORKS

SMC Ranking
★★☆☆☆ (2/5)

Issue Highlights

Industry	Services
Offer for sale (Shares)	3,379,740
Fresh Issue (Shares)	10,933,660
Net Offer to the Public	**14,313,400**
Issue Size (Rs. Cr.)	553.93-582.56
Price Band (Rs.)	387-407
Employee Discount	Rs 37 per share
Offer Date	10-Jul-25
Close Date	14-Jul-25
Face Value	10
Lot Size	36 Shares

Issue Composition

	In shares
Total Issue for Sale	14,313,400
QIB	7,156,700
NIB	2,147,010
Retail	5,009,690

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	65.19%	58.25%
QIB	21.08%	23.07%
NIB	13.73%	14.29%
Retail	0.00%	4.39%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

1. Repayment/ prepayment/ redemption, in full or in part, of certain borrowings availed by the Company
2. Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres
3. General corporate purposes

Book Running Lead Manager

- JM Financial Limited
- Bob capital markets limited
- IIFL Securities Limited
- Kotak mahindra capital company ltd

Name of the registrar

- MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)

About the company

Incorporated in 2015, Smartworks Coworking Spaces Limited provides customized managed workspace solutions, delivering fully serviced, tech-enabled office environments designed to meet the specific needs of enterprises and their employees. Catering primarily to mid-to-large enterprises—including Indian corporates, multinationals, and startups—Smartworks offers modern campuses equipped with aesthetic design and essential amenities such as cafeterias, gyms, crèches, and medical centers to enhance employee well-being. As of March 31, 2025, the company served 738 clients with 152,619 seats and currently manages 728 clients with 169,541 seats, of which 12,044 are unoccupied. Notably, it owns four of India's five largest leased centers, including the 0.7 million sq. ft. Vaishnavi Tech Park in Bengaluru. Smartworks operates on a managed campus platform that connects clients, landlords, employees, and service partners. It transforms properties from non-institutional landlords into Smartworks campuses under long-term leases with rental assurance and efficient management. For clients and their employees, it delivers customizable, cost-effective workspaces that foster productivity and collaboration. The company also partners with service providers such as Chaipoint and ClearTax to enhance the workplace experience through added amenities. As of March 31, 2025, Smartworks employed 794 permanent staff.

Strength

Market Leadership and Growth: As of March 31, 2025, Smartworks Coworking Spaces Limited was the largest managed campus operator in India, with a lease-signed portfolio of 8.99 million sq. ft. across 50 Centres in 15 cities, including Bengaluru, Pune, Hyderabad, Gurugram, Mumbai, Noida, and Chennai. It operates four Centres above 0.5 million sq. ft., with the largest being 0.7 million sq. ft. in Vaishnavi Tech Park, Bengaluru. Backed by a 20.8% CAGR in managed space and 38.98% CAGR in revenue from FY23–FY25, Smartworks' scale, brand strength, and pan-India presence position it as a preferred partner for mid-to-large enterprises.

Campus-Scale Strategy and Location Focus: Smartworks has a strong presence in 19 of the 28 key clusters across Tier 1 cities, which represent nearly 80% of India's flexible workspace stock. As of March 31, 2025, 94.37% of its managed area was located in these prime clusters. The company partners with landlords to lease large, bare-shell spaces and transform them into tech-enabled, amenity-rich campuses. These include features like cafeterias, gyms, crèches, and smart stores. Smartworks' ability to lease entire buildings enhances space efficiency, lowers costs, and creates vibrant work environments while maintaining high seat capacity and delivering superior tenant experiences.

Enterprise-Focused Client Strategy: Smartworks targets mid-to-large enterprises with seat requirements of over 300, offering tailored infrastructure and multi-city presence. Its largest deals included 6,300+ seats in FY25, 4,800+ in FY24, and 3,500+ in FY23. In FY25, 31.9% of rental revenue came from clients operating across multiple cities. With a diverse industry base and long-term partnerships, Smartworks is well-positioned to scale with clients as they grow. For instance, Concentrix Daksh significantly expanded its seat footprint across Smartworks Centres from FY22 to FY25, reflecting the company's strength in retaining and growing enterprise relationships.

Operational Efficiency and Tech-Driven Execution: Smartworks leverages standardised design, modular fit-outs, and proprietary technology to deliver efficient, scalable office spaces. By investing in the initial build-out, it enables clients to avoid upfront

capital costs, reallocating those funds to core operations. Its fit-out cost (₹1,350/sq. ft.) and operational expenses (₹34–36/sq. ft./month) are significantly below market benchmarks. With long lease tenures of 10–15 years, Smartworks ensures quality and cost optimisation. Its proprietary tech tools—such as BuildX, CRM systems, and IoT-enabled virtual building management—streamline operations, enhance client experience, and support rapid, 45–60 day workspace delivery timelines.

Capital Efficiency and Financial Model: Smartworks operates with a capital-efficient model, recovering investments faster than industry norms. Its mature Centres achieve payback in 30–32 months, compared to the 45–52 months industry range. The company funds fit-outs partly through customer deposits and uses locked-in rental income to secure lease rental discounting at competitive rates. A phased build-out approach reduces upfront capital needs, starting with common areas and customising offices as clients onboard. With consistent receivable cycles under 10 days, Smartworks maintains strong working capital efficiency while supporting rapid expansion and client delivery across multiple geographies.

Risk Mitigation and Stable Business Model: Smartworks employs a robust risk mitigation strategy to ensure stability. It avoids overdependence on single clients by capping individual Centre occupancy at 30%; for example, its largest client occupies only 13.18% of seats in the Bengaluru flagship Centre. Its pricing strategy ensures client rental income is at least double its lease obligations. As of March 31, 2025, existing client contracts sufficiently cover rental liabilities for FY26 and FY27. Long-term leases with clients and landlords also shield the business from cyclical fluctuations, as seen during the COVID-19 period when Smartworks reported no material defaults or client exits.

Strategy

Scaling Core Business through Market Leadership: Smartworks Coworking Spaces Limited, as of March 31, 2024, held the largest lease-signed managed campus portfolio in India, with 8.0 million square feet. With India's commercial office stock reaching 883 million square feet by March 2025 and growing demand for Grade A, cost-efficient real estate, the company is well-positioned to benefit from increased demand by GCCs and multinational firms. As flexible work models gain traction—particularly "core + flex" strategies—Smartworks plans to expand its portfolio by leasing large properties and providing value-added amenities that promote employee well-being, further strengthening its industry leadership.

Leveraging Multi-City Demand to Expand Presence: Smartworks continues to witness rising demand from enterprise clients seeking multi-city workspace solutions. In Fiscal 2025, 31.90% of rental revenue came from clients operating across multiple cities. With a focus on acquiring large properties in existing and emerging clusters, Smartworks aims to deepen relationships with long-term clients while expanding its pan-India footprint. This strategy supports organic growth, stable revenues, and consistency in service delivery, reinforcing its positioning as a reliable partner for enterprises seeking scalable, flexible office infrastructure across geographies.

Enhancing Capital Efficiency with New Leasing Models: As of March 31, 2025, Smartworks managed 8.99 million square feet primarily under a straight lease model. Moving forward, the company plans to expand into variable rental and management contract models to boost capital efficiency and reduce occupancy risks. In the variable rental model, lease obligations begin only after client onboarding, supported by client deposits and landlord contributions. In the management contract model, capital expenditure is shared with landlords. As of June 30, 2025, Smartworks operationalized 33,504 sq. ft. under the variable model in Gurugram, with a total commitment of 450,000 sq. ft., marking a strategic shift in its expansion.

Scaling Margin-Accretive Revenue Streams: Smartworks is expanding its ancillary business lines by leveraging access to over 738 clients, their employees, and partner networks. Value-added services (VAS), initiated in FY23 through revenue-sharing arrangements with brands like Chaipoint and Park+, represent a high-potential revenue stream. Additionally, Smartworks launched Fit-out-as-a-Service (FaaS) in 2024, catering to enterprises with self-managed offices, offering cost-effective

and tech-enabled design-build solutions. Notably, a 99,429 sq. ft. fit-out contract with First Source Limited was signed in April 2024. These initiatives aim to diversify revenue, improve margins, and broaden Smartworks' service ecosystem beyond traditional workspace offerings.

Strengthening Operational Efficiency through Proprietary Tech: Smartworks is building an integrated digital platform that connects clients, employees, and service partners to optimize operations and service delivery. Its proprietary tools—like BuildX for project management, a custom CRM system, and a virtual building management platform—enable real-time oversight and automation. Future tech goals include integrating AI, IoT, and SaaS offerings for property management, including external buildings. The company also plans to introduce direct consumer features like membership products and e-wallets to elevate client experience. These innovations are central to scaling efficiently, generating new revenue streams, and reducing operational risks.

Risk Factor

- In FY25, 75.19% of Smartworks' rental revenue came from Centres in Pune, Bengaluru, Hyderabad, and Mumbai. Any disruption in these locations could impact business and financial performance.
- Smartworks caters to large clients (300+ seats across cities), which may limit its negotiating power. Losing such clients could affect revenue and cash flows.
- The company's success depends on sourcing prime properties at favorable terms. Inability to do so may affect profitability and growth.
- Smartworks and its subsidiaries have incurred losses and negative cash flows in the past. There is no assurance of future profitability.
- As of March 31, 2025, Smartworks has fixed-cost leases for 8.99 million sq. ft. across 50 Centres in 15 cities. Inability to fill spaces could strain lease payments and impact operations.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
AWFIS Space	1207.54	67.87	6.04	104.28	9.77	64.46	10	629.85	4490.49
Smartworks Coworking Spaces Limited	1374.06	-63.18	-ve	-ve	8.40	48.45	10.00	407.00	4644.82

Valuation

the company is loss making, we are considering the P/Bv valuation, on the upper end of the price band of Rs.407, Pre - issue book value of Rs.10.45 of P/Bvx 38.93x. Post issue, book value of Rs.48.45 of P/Bvx 8.40x.On the lower end of the price band of Rs.387, Pre issue book value of Rs.10.45 of P/Bvx 37.02 . Post issue, book value of Rs.48.45 of P/Bvx 7.99x.

Industry Outlook

As of March 31, 2025, India's commercial office stock is estimated at 883 million square feet and is projected to reach 1,072 million square feet by 2027, growing at a CAGR of 6.7%. Flexible workspace solutions are increasingly becoming a core part of modern work culture, addressing varied workstyles and adding agility to the commercial office landscape. Flexible workspace stock is expected to rise from 82–86 million square feet (by end-CY2024) to 140–144 million square feet by end-CY2027 in Tier 1 cities, reflecting a CAGR of 18–20%. The total addressable market (TAM) for flexible workspace operators is estimated at 280–300 million square feet and ₹730–960 billion by 2027.

Outlook

Smartworks Coworking Spaces Limited, India's leading managed campus operator, is well-positioned for growth with a 20.8% CAGR in space and 38.98% in revenue from FY23–25. Its campus-scale model, pan-India presence, and tech-enabled execution attract enterprise clients. Strategic shifts to variable rental models and ancillary revenue streams boost capital efficiency. However, high regional concentration, dependence on large clients, and fixed lease costs pose risks. Continued client retention, efficient space utilization, and property sourcing are critical for sustaining momentum and profitability.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	10-July-25
BID/ISSUE CLOSES ON	14-July-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	15-July-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	16-July-25
Credit of Equity Shares to Demat Accounts of Allottees	16-July-25
Commencement of trading of the Equity Shares on the Stock Exchanges	17-July-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1374.06	1039.36	711.39
Total expenditure	516.79	379.69	287.39
Operating Profit	**857.26**	**659.67**	**424.00**
OPM%	6.24	6.35	5.96
Other Income	35.61	73.75	32.68
Total Net Income	**892.88**	**733.42**	**456.68**
Interest	336.34	328.32	236.66
PBDT	**556.54**	**405.10**	**220.02**
Depreciation	636.00	472.72	356.25
Restated loss before tax	**-79.46**	**-67.62**	**-136.23**
Tax	-16.28	-17.67	-35.18
PAT	**-63.18**	**-49.96**	**-101.05**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	1137.99	963.86	829.29
Right-of-use assets	2628.19	2440.26	2894.71
Capital work in progress	135.48	63.31	41.87
Intangible assets	14.19	7.56	0.44
Intangible assets under development	3.28	8.56	10.26
Financial assets			
Investments	10.96	11.28	0.00
Other financial assets	229.01	156.10	149.29
Deffered tax assets	133.60	117.21	99.60
Income tax assets (net)	12.71	40.62	21.82
Other non-current assets	90.19	73.17	65.28
Total non-current assets	**4395.60**	**3881.93**	**4112.57**
Current asset			
Financial Assets			
Trade receivables	25.53	14.09	14.32
Cash and cash equivalents	49.67	38.76	118.24
Bank balance other than (iii) above	19.26	13.62	84.10
Other financial assets	42.41	66.42	25.43
Other current assets	118.39	132.27	117.68
Assets classified as held for Sale	0.00	0.00	1.17
Total current assets	**255.26**	**265.16**	**360.94**
Total Assets	**4650.85**	**4147.08**	**4473.50**
Non-current liabilities			
Financial Liabilities			
Lease liabilities	2802.77	2629.51	3140.06
Borrowings	216.03	239.75	299.83
Other financial liabilities	257.03	230.88	188.65
Provisions	7.12	5.26	4.50
Other non-current liabilities	43.41	36.68	27.29
Total Non- Current liabilities	**3326.35**	**3142.07**	**3660.33**
Current liabilities			
Financial Liabilities			
Financial liabilities			
Lease Liability	536.84	378.73	257.56
Borrowings	181.74	187.60	215.56
Trades Payable - MSME	11.66	2.10	35.94
Trades Payable - other than MESE	104.22	117.72	58.31
Other financial liabilities	334.05	224.97	180.20
Provisions	1.57	0.96	0.62
Current Tax Liabilities	0.10	0.00	0.00
Other current liabilities	46.44	42.93	33.52
Total Current liabilities	**1216.62**	**955.00**	**781.70**
Total	**4542.97**	**4097.08**	**4442.04**
Net worth represented by:			
Equity Share Capital	103.19	79.01	77.69
Other equity	4.69	-29.01	-46.23
Net Worth	**107.88**	**50.01**	**31.47**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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