

Company Business

- Smartworks Coworking Spaces Limited operates as an **office experience and managed campus platform**.
- Their core business involves a **straight lease model**, where they lease bare shell properties on a long-term basis. These properties are then transformed into **fully managed, tech-enabled "Centres"** that offer a modern, aesthetically pleasing work environment. Smartworks invests in initial fit-out costs and ongoing maintenance, then leases these workspaces to clients.
- They provide **customized managed workspace solutions** designed for the specific needs of **mid-to-large Enterprises** requiring over 300 Seats, though they cater to all team sizes from under 50 to over 6,300 Seats. Services and amenities include cafeterias, sports zones, Smart Convenience Stores, gymnasiums, crèches, and medical centers. They also offer Fit-out-as-a-Service (FaaS) for enterprises' owned or leased offices.
- As of March 31, 2024, Smartworks was the **largest managed campus operator among benchmarked operators** based on total stock, with a lease-signed portfolio of 8.0 million square feet, growing to 8.99 million square feet by March 31, 2025.

Short Summary of the Industry

- Overall Indian Office Market** : India's commercial office stock stood at 883 million sq. ft. as of March 31, 2025, and is expected to grow at a 6.7% CAGR to 1,072 million sq. ft. by end-2027. Around 80% is non-SEZ, concentrated in the top nine cities like Bengaluru, MMR, Hyderabad, and others.
- Flexible Workspace Sector (Flex Stock)** : India's flexible workspace stock in Tier 1 cities reached over 88 million sq. ft. in Q1 CY2025 and is projected to grow to 140-144 million sq. ft. by end-CY2027 at an 18-20% CAGR. It remains one of the largest flex markets in APAC.
- Key Growth Drivers** :
 - Return-to-office trend** : 90% of occupiers prefer employees in office at least three days a week, citing data security and collaboration needs.
 - Demand for Quality Spaces** : There's an increasing demand for quality, Grade A office spaces that offer enhanced experiences.
 - Global Capability Centres (GCCs)** : Indian GCCs are emerging as transformation hubs, fueling office space demand. Their count is projected to exceed 2,100-2,200 by FY2030.
 - Rise of Indian Companies** : Indian firms are driving office space demand, backed by stable economic growth and a strong financial system.
 - Capital Efficiency & Flexibility** : Companies are adopting flexible workspaces to support hybrid models, enhance capital efficiency, and ensure portfolio flexibility.
- Market Opportunity (TAM)** : The TAM for flexible workspace operators is projected at 280-300 million sq. ft. and ₹730-960 billion in value by 2027, including vacant stock and expected flex space occupancy.
- Competition** : India's flex workspace market is competitive, with ~500 operators; key players include WeWork India, IndiQube, and Awfis.

IPO Details

- Total Issue Size : 1,43,13,400 shares (Rs. 582.56 Cr.)
- Fresh issue : 1,09,33,660 shares (Rs. 445 Cr.)
- OFS : 33,79,740 Shares (Rs. 137.56 Cr.)
- Issue Price Band : ₹387 to 407 per share
- Lot Size : 36 shares
- IPO Date : July 10-14, 2025
- Pre IPO Promoters Holding : 65.19%
- Post IPO Promoters Holding : 58.25%

Objects of the issue

- Repayment/ prepayment/ redemption, in full or in part, of certain borrowings : **Rs. 114 Cr.**
- Capital expenditure for fit-outs in the New Centres and for security deposits of the New Centres : **Rs.225.84 Cr.**
- General corporate purposes.
- Smartworks Coworking Spaces Limited exhibits several strengths, but also faces notable challenges.

Financials of the company

(Fig. in Cr)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Revenue from Operations	1374.05	1039.36	711.39
EBITDA	857.26	659.67	423.99
EBITDA Margins	62.39%	63.47%	59.60%
Adjusted EBITDA	172.23	106.03	1.36
Net Loss	-63.1	-49.95	-101.04
Net Loss Margins	-4.48%	-4.49%	-13.58%
ROCE	42.30%	28.12%	11.90%
Debt to Equity Ratio(In Times)	2.9	6.87	8.84
Operating Cash Flows	928.5	743.3	531.83

Note: Adjusted EBITDA is EBITDA adjusted for cash outflow for lease liabilities during the year

Comparison with Peers

Companies	Revenue	EBTDA%	PAT%	D/E Ratio	MCap .	P/E
SMARTWORKS COWORKING SPACES LIMITED(FY25)	1374.05 Cr.	62.39%	-4.48%	2.9	582.93 Cr.	In loss
Awfis Space Solutions Limited	1208 Cr.	33.00%	3.57%	3.08	4369 Cr.	101

Risks

Pros (Advantages & Strengths)

- ✦ Market Leadership and Scale
- ✦ **Stable Business Model** : Their focus on **mid-to-large Enterprises** (over 300 Seats)
- ✦ Operational Efficiency
- ✦ **Diversified Offerings** : Beyond core workspace rentals, they offer **Value-Added Services (VAS)** and **Fit-out-as-a-Service (FaaS)**, which are described as asset-light and margin-accretive.

Cons (Challenges & Risks)

- ✦ The company is not profitable.
- ✦ In the past Company, certain government agencies, Statutory Auditors and certain other persons had, received anonymous complaints about Company, Associates, and some of the Promoters, Neetish Sarda and Harsh Binani, and certain members of the Promoter Group.
- ✦ Criminal Proceeding against directors and promoters.



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