

Smartworks Coworking Spaces Ltd.

Subscribe

Nifty: 25,476 | Sensex: 83,536

IPO Note | 10<sup>th</sup> July 2025

Sector: Flexible Workspace

Price Range: ₹387 - ₹407

An asset-light, scalable & managed campus workspace operator...

Smartworks Coworking Spaces Ltd (SCSL), incorporated in 2015, is India’s largest managed campus operator offering 8.99mn sq. ft. of leased and managed space across 50 centres in 15 cities (as of March 2025). Catering to mid-to-large enterprises, SCSL converts bare-shell properties into fully serviced, tech-enabled campuses featuring amenities like cafeterias, gyms, crèches, medical centres, and convenience stores to boost productivity and employee well-being. As of June 2025, it had a total capacity of 231,548 seats across 48 operational centres (190,421 seats), 2 under fit-out (15,042 seats), and 4 upcoming (26,085 seats).

- ◆ In India, flexible workspace stock across Tier 1 cities is expected to grow from 82–86 mn sq. ft. in CY24 to 140–144 mn sq. ft. by CY27, at a CAGR of 18–20%, supported by rising demand, operator expansion, and increasing availability of quality office supply.
- ◆ SCSL has consistently outpaced industry growth in Tier 1 cities, with its managed office space growing at a CAGR of 38.37% from 2020 to 2024—over 1.5 times the market rate—driven by early market entry, a strong business model, and a leasing strategy focused on mid-to-large enterprises.
- ◆ SCSL’s topline grew at a robust CAGR of ~39%, rising from ₹711cr in FY23 to ₹1,374cr in FY25, driven by aggressive office space expansion and steady demand from enterprise clients.
- ◆ EBITDA grew at a CAGR of 42%, and EBITDA margins were healthy at 62% (3 yr avg.) over FY23-25, led by an asset-light business model, an enterprise-centric leasing strategy and diversified revenue streams, which are margin accretive.
- ◆ Over the past three years, SCSL has reported losses at the PAT level due to heavy depreciation and other non-cash items, despite generating positive operating cash flows.
- ◆ SCSL maintains robust operating cash flows, underpinned by strong performance indicators such as a retention rate of ~ 87% in FY25 and a committed operational occupancy of ~89% as of June 2025.
- ◆ The debt-to-equity ratio is at 3.7x in FY25 (excluding lease liabilities), and upon utilisation of net proceeds from the IPO for debt repayment (~₹114cr), the debt-to-equity ratio will trim down to 0.5x.
- ◆ At the upper price band of ₹407, SCSL is available at Mcap/Adj.EBITDA ratio of 27x (FY25), which appears to be fairly priced compared to its peers.
- ◆ Given its asset-light business model, capital efficiency through variable rental and management contracts, and the scale up of new revenue streams (like value-added services & fit-out as a service), which are margin accretive, further strengthen the business going forward. Hence, we recommend a ‘Subscribe’ rating on a long-term basis.

Purpose of IPO

The issue consists of a fresh issue of ₹445cr and an OFS (offer for sale) of ₹137.6cr totalling to ₹582.6cr. The net proceeds from IPO will be utilised for repayment/prepayment, in full or in part, of certain borrowings availed by the company (~₹114cr), capital expenditure for fit-outs in new centers & for security deposits of new centers (₹226cr) and general corporate purposes.

Key Risks

- ◆ Revenue concentration: Despite pan-India presence, ~75% of revenue (FY25) is derived from centers in 4 regions (Pune, Bengaluru, Hyderabad and Mumbai).
- ◆ Adverse macroeconomic trends or a slowdown in the IT sector could affect SCSL’s business performance.

Peer Valuation

Company	MCap(₹ cr)	Sales (₹ cr)	EBITDA Margin (%)	Adj. EBITDA( ₹cr)	EPS(₹)	RoE (%)	P/E(x)	Mcap/Sales	P/BV	Mcap/Adj. EBITDA	CMP(₹)
Smartworks Coworking Spaces Ltd.	4,645	1,374	62.4	172	-5.5	-58.6	-73.5	3.4	43.1	27.0	407
Awfis Space Solutions Ltd.	4,349	1,208	33.3	180	10.1	23.6	62.2	3.6	9.9	24.2	630

Note: Adj EBITDA : Adjusted EBITDA is EBITDA adjusted for cash outflow for lease liabilities during the year for SCSL and Awfis.

Source: Geojit Research, Bloomberg; Valuations of SCSL are based on upper end of the price band (post issue), Financials as per FY25 consolidated.

Issue Details	
Date of opening	July 10, 2025
Date of closing	July 14, 2025
Total No. of shares offered (cr.)	1.43
Post Issue No. of shares (cr)	11.4
Face Value	₹10
Bid Lot	36 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,652
Maximum application for retail (upper price band for 13 lot)	₹ 1,90,476
Listing	BSE,NSE
Employee Discount	₹37.0
Lead Managers	JM Financial Ltd, BoB Capital Markets Ltd, IIFL Capital Services Ltd, Kotak Mahindra Capital Company Ltd.
Registrar	MUFG Intime India Private Limited

Issue size (upper price)	Rs.cr
Fresh Issue	445.0
OFS	137.6
Total Issue	582.6

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	65.2	58.0
Public & others	34.8	42.0
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	202.6
Non-Institutional	15	86.8
QIB	50	289.4
Emp. Reservation	-	3.75
Total	100	582.6

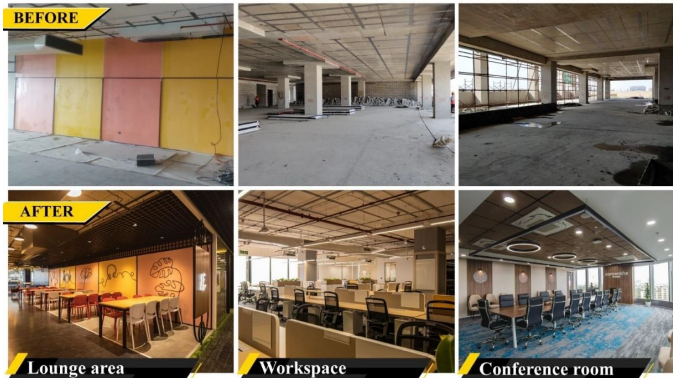
Y.E March (Rs cr) Consol.	FY23	FY24	FY25
Sales	711.4	1039.4	1374.1
Growth YoY(%)	-	46	32
EBITDA	424.0	659.7	857.3
Margin(%)	59.6	63.5	62.4
PAT Adj.	-101.0	-50.0	-63.2
Growth (%)	-	NN	NN
EPS	-8.9	-4.4	-5.5
P/E (x)	-46.0	-93.0	-73.5
EV/EBITDA (x)	20.2	12.2	9.8
P/Bv(x)	147.6	92.9	43.1

Note: NN – Negative Number



Business Description:

SCSL typically focus on leasing entire/ large, bare shell properties in prime locations from Landlords and transform them into fully serviced, aesthetically pleasing and tech-enabled Campuses with daily-life and aspirational amenities. The centres offer Clients’ employees a modern, attractive and aesthetically pleasing work environment. SCSL cater to Clients’ needs of all team sizes, from under 50 to over 6,300 Seats, with a specific focus on mid-to large Enterprises having a requirement of over 300 Seats. Below picture shows client base and smartworks managed campuses.



Particulars	Fiscals		
	2025	2024	2023
Rental Revenue from Enterprise Clients (in ₹ million)	11,345.68	8,847.99	6,044.91
Rental Revenue (in ₹ million)	12,821.65	9,870.26	6,645.82
Percentage of Rental Revenue from Enterprise Clients	88.49%	89.64%	90.96%

Source: RHP, Geojit Research

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Key strengths:

◆ Market leadership backed by scale and steady growth

he Pan-India presence in key clusters, value-centric pricing and ability in leasing entire/ large properties, make Smartworks suitable partner for the Clients in the mid -to-large Enterprises. This is demonstrated by the high (i) CAGR of 20.80% in total SBA managed by Smartworks between FY23 to FY25; and (ii) CAGR of 38.98% of Revenue from operations, between FY23 to FY25.

◆ Ability to lease and transform entire/ large properties across India’s key clusters into amenities rich ‘Smartworks’ branded Campuses.

The ability lies in partnering with Landlords, especially passive and non-institutional, to lease entire/ large properties in key clusters in India. As of March 31, 2025, Smartworks are present across 14 Indian cities and in Singapore.

◆ Focus on acquiring Enterprise Clients with higher seat requirements as well as emerging mid-to-large Enterprises, and grow with them

(in ₹ million, unless stated otherwise)

Seats cohorts	Rental Revenue for Fiscal 2025	As a percentage of total Rental Revenue for Fiscal 2025	Rental Revenue for Fiscal 2024	As a percentage of total Rental Revenue for Fiscal 2024	Rental Revenue for Fiscal 2023	As a percentage of total Rental Revenue for Fiscal 2023
0-100	1,542.06	12.03%	1,260.92	12.77%	993.09	14.94 %
101-300	3,145.96	24.54%	2,689.31	27.25%	1,941.17	29.21 %
More than 300	8,133.63	63.44%	5,920.03	59.98%	3,711.56	55.85 %
Total	12,821.65	100.00%	9,870.26	100.00%	6,645.82	100.00%

Source: RHP, Geojit Research

◆ Execution capabilities backed by cost efficiencies, effective processes and technology infrastructure.

◆ Risk mitigating strategy allows smartworks to build a financially stable business model.

Asset liability mismatch risk: The focus on mid-to-large Enterprises sets SCSL apart and drives longer lock-in periods and client retention.

Client concentration: SCSL follow a diversification strategy by typically not leasing more than 30.00% space in a Centre (over 0.15 million square feet) to a single Client.

Cyclical risks: SCSL typically enter into long term agreements with the Landlords as well as with the clients.

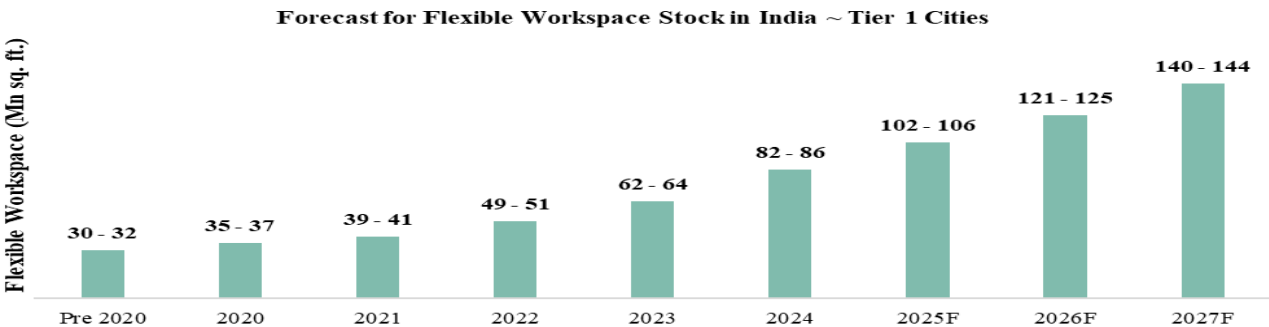
The business is cushioned against the cyclical risks of occupancy and rental fluctuations, which are inherent to the commercial real estate industry.

### Key strategies:

- ◆ Smartworks intend to capitalise the market leadership, learnings, and expertise to further scale their core business.
- ◆ Enhance capital efficiency through variable rental business model and managed contracts.
- ◆ Scale up the new revenue streams, which are margin-accretive.
- ◆ Continue to build proprietary technology to improve operational efficiency and create opportunities for monetisation.
- ◆ To become a sustainable company.

### Industry Outlook

India’s commercial office stock stands at an estimated 883 million square feet as at March 31, 2025. It is forecasted to grow at a CAGR of 6.7% to 1,072 million square feet by the end of 2027. Flexible workspace solutions are becoming an integral part of the modern work culture, catering to diverse working styles and introducing flexibility to the commercial office market. The total flexible workspace stock ranging between 82 - 86 million square feet by the end of CY24, is forecasted to grow to approximately 140 - 144 million square feet across Tier 1 cities by end of CY27 with a CAGR of approximately 18 – 20%. The total addressable market (TAM) for the flexible workspace operators represents a sizeable opportunity of 280 - 300 million square feet (in terms of area) and ₹730 – 960 Bn (in terms of value) by 2027.



Source: RHP, Geojit Research

### Promoter and promoter group

The Promoters of the company are Neetish Sarda, Harsh Binani, Saumya Binani, NS Niketan LLP, SNS Infrarealty LLP and Aryadeep Realestates Private Limited.

As on the date of this Red Herring Prospectus, the Promoters collectively hold 67,234,013 Equity Shares of face value ₹ 10 each, presenting 65.15% of the pre-offer issued, subscribed and paid-up Equity Share capital of the company, on a fully diluted basis.

As on the date of filing this Red Herring Prospectus, the company has seven Directors on Board of whom, three are Independent Directors, including one-woman Independent Director.

### Brief Biographies of directors

- ◆ **Atul Gautam** is the Chairman and a Non-Executive Director of the company.
- ◆ **Neetish Sarda** is the Managing Director of the company.
- ◆ **Harsh Binani** is an Executive Director of the company.
- ◆ **V K Subburaj** is an Independent Director of the company.
- ◆ **Rajeev Rishi** is an Independent Director of the company.
- ◆ **Pushpa Mishra** is an Independent Director of the company.
- ◆ **Ho Kiam Kheong** is a Non-Executive (nominee) Director of the company, and a nominee of Space Solutions India Pte Ltd. (formerly Lisbrine Pte Limited).

## CONSOLIDATED FINANCIALS

### PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	FY25
<b>Sales</b>	<b>711.4</b>	<b>1039.4</b>	<b>1374.1</b>
% change		46	32
<b>EBITDA</b>	<b>424.0</b>	<b>659.7</b>	<b>857.3</b>
% change		56	30
Depreciation	356.2	472.7	636.0
<b>EBIT</b>	<b>67.8</b>	<b>187.0</b>	<b>221.3</b>
Interest	236.7	328.3	336.3
Other Income	32.7	73.7	35.6
Exceptional items	0.0	0.0	0.0
PBT	-136.2	-67.6	-79.5
% change	-	NN	NN
Tax	-35.2	-17.7	-16.3
Tax Rate (%)	26	26	20
Reported PAT	-101.0	-50.0	-63.2
Adj	0.0	0.0	0.0
<b>Adj. PAT</b>	<b>-101.0</b>	<b>-50.0</b>	<b>-63.2</b>
% change	-	NN	NN
<b>Post issue No. of shares (cr)</b>	<b>11.4</b>	<b>11.4</b>	<b>11.4</b>
Adj EPS (Rs)	-8.9	-4.4	-5.5
% change		NN	NN

### CASH FLOW

Y.E March (Rs cr)	FY23	FY24	FY25
PBT Adj.	-136.2	-67.6	-79.5
<i>Non-operating &amp; non cash adj.</i>	<i>545.8</i>	<i>729.3</i>	<i>942.9</i>
Changes in W.C	125.0	100.4	34.6
<b>C.F. Operating</b>	<b>531.8</b>	<b>743.3</b>	<b>928.5</b>
Capital expenditure	-324.6	-266.3	-291.0
Change in investment	-15.8	63.1	-153.3
Sale of investment	28.3	3.2	165.0
Other invest.CF	5.5	7.9	3.2
<b>C.F - investing</b>	<b>-306.6</b>	<b>-192.2</b>	<b>-276.1</b>
Issue of equity	18.4	68.4	116.8
Issue/repay debt	230.7	-36.5	-26.1
Dividends paid	0.0	0.0	0.0
Other finance.CF	-419.7	-609.1	-728.4
<b>C.F - Financing</b>	<b>-170.6</b>	<b>-577.2</b>	<b>-637.7</b>
Change. in cash	54.6	-26.0	14.7
Opening Cash	-32.3	22.4	-3.7
Closing cash	22.4	-3.7	11.1

Note: NN – Negative Number

### BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	FY25
<b>Cash</b>	<b>202.3</b>	52.4	68.9
<i>Accounts Receivable</i>	<i>14.3</i>	<i>14.1</i>	<i>25.5</i>
Inventories	0.0	0.0	0.0
<i>Other Cur. Assets</i>	<i>144.3</i>	<i>198.7</i>	<i>160.8</i>
Investments	0.0	11.3	11.0
Deff. Tax Assets	99.6	117.2	133.6
Net Fixed Assets	829.3	963.9	1138.0
CWIP	41.9	63.3	135.5
Intangible Assets	2905.4	2456.4	2645.7
Other Assets	236.4	269.9	331.9
<b>Total Assets</b>	<b>4473.5</b>	<b>4147.1</b>	<b>4650.9</b>
Current Liabilities	127.8	162.7	162.3
Provisions	221.1	273.8	309.1
Debt Funds <i>(includes lease liabilities)</i>	3913.0	3435.6	3737.4
Other Fin. Liabilities	180.2	225.0	334.1
Deferred Tax liability	0.0	0.0	0.1
Equity Capital	77.7	79.0	103.2
Reserves & Surplus	-46.2	-29.0	4.7
Shareholder's Fund	31.5	50.0	107.9
<b>Total Liabilities</b>	<b>4473.5</b>	<b>4147.1</b>	<b>4650.9</b>
BVPS (Rs)	2.8	4.4	9.5

### RATIOS

Y.E March	FY23	FY24	FY25
<b>Profitab. &amp; Return</b>			
<i>EBITDA margin (%)</i>	<i>59.6</i>	<i>63.5</i>	<i>62.4</i>
EBIT margin (%)	9.5	18.0	16.1
<i>Net profit mgn.(%)</i>	<i>-14.2</i>	<i>-4.8</i>	<i>-4.6</i>
ROE (%)	-321.1	-99.9	-58.6
ROCE (%)	3.8	5.2	5.6
<b>W.C &amp; Liquidity</b>			
Receivables (days)	7.3	5.0	5.3
Inventory (days)	0.0	0.0	0.0
Payables (days)	48.4	42.1	30.8
Current ratio (x)	1.0	0.6	0.6
Quick ratio (x)	1.7	0.4	0.6
<b>Turnover &amp; Levq.</b>			
Net asset T.O (x)	0.9	1.2	1.3
Total asset T.O (x)	0.2	0.2	0.3
Int. covge. ratio (x)	0.3	0.6	0.7
Adj. debt/equity (x) *	16.4	8.5	3.7
<b>Valuation ratios</b>			
<b>EV/Sales (x)</b>	12.0	7.8	6.1
<i>EV/EBITDA (x)</i>	<i>20.2</i>	<i>12.2</i>	<i>9.8</i>
P/E (x)	-46.0	-93.0	-73.5
P/BV (x)	147.6	92.9	43.1

Note: \*calculated by excluding lease liabilities.



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**Certification:** I, Sheen G , author of this Report, hereby certify that all the views expressed in this research report reflect our personal views about any or all of the subject issuer or securities. This report has been prepared by the Research Team of Geojit Investments Limited, hereinafter referred to as GIL.

For general disclosures and disclaimer: Please [Click here](#).

### Regulatory Disclosures:

Group companies/ Fellow subsidiaries of Geojit Investments Ltd (GIL ) are Geojit Financial Services Limited (GFSL), Geojit Technologies Private Limited (Software Solutions provider), Geojit Credits Private Limited (NBFC), Geojit Fintech Private Ltd, Geojit IFSC Ltd (a company incorporated under IFSC Regulations), Qurum Business Group Geojit Securities LLC ( a subsidiary of holding company in Oman engaged in Financial Services ), Barjeel Geojit Financial Services LLC (a joint venture of holding company in UAE engaged in Financial Services), and BBK Geojit Consultancy and Information KSC (C) (a joint venture in Kuwait-engaged in Financial services). In the context of the SEBI Regulations on Research Analysts (2014), GIL affirms that we are a SEBI registered Research Entity and in the course of our business as a stock market intermediary, we issue research reports /research analysis etc. that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above-mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

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GIL confirms that:

(i)It/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein, at the time of publication of the research report.

(ii)It/its associates have no actual beneficial ownership of 1% or more in relation to the subject company (ies) covered herein, at the end of the month immediately preceding the date of publication of the research report.

Further, the Analyst confirms that:

(i) He, his associates and his relatives shall take reasonable care to ensure that they do not have any financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company, at the time of publication of the research report.

(ii) He, his associates and his relatives have no actual/beneficial ownership of 1% or more in the subject company covered, at the end of the month immediately preceding the date of publication of the research report.

#### 2. Disclosures regarding Compensation:

During the past 12 months, GIL or its Associates:

(a) Have not received any compensation from the subject company; (b) Have not managed or co-managed public offering of securities for the subject company (c) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company. (d) Have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company. e) Have not received any compensation or other benefits from the subject company or third party in connection with the research report (f) The subject company is / was not a client during twelve months preceding the date of distribution of the research report.

#### 3. Disclosure by GIL regarding the compensation paid to its Research Analyst:

GIL hereby confirms that no part of the compensation paid to the persons employed by it as Research Analysts is based on any specific brokerage services or transactions pertaining to trading in securities of companies contained in the Research Reports.

**4. Disclosure regarding the Research Analyst's connection with the subject company:** It is affirmed that I, Sheen G , Research Analyst (s) of GIL have not served as an officer, director or employee of the subject company.

**5. Disclosure regarding Market Making activity:** Neither GIL/its Analysts have engaged in market making activities for the subject company.

**6. Disclosure regarding conflict of interests:** GIL shall abide by the applicable regulations/ circulars/ directions specified by SEBI and Research Analyst Administration and Supervisory Body (RAASB) from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. GIL will endeavour to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.

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9. In the course of providing research services by GIL, GIL cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit GIL to execute any trade on their behalf.

10. GIL will never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. The Clients are advised not to share such information with anyone including GIL.

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12. Disclosures regarding Artificial Intelligence tools

Neither Geojit Investments Limited nor its Analysts have utilized any AI tools in the preparation of the research reports.

Please ensure that you have read the "Risk Disclosure Documents for Capital Market and Derivatives Segments" as prescribed by the Securities and Exchange Board of India before investing.

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### GRIEVANCES

**Step 1:** The client should first contact the RA using the details on its website or following

contact details: Compliance officer: Ms. Indu K. Address: 7th Floor, 34/659-P, Civil Line Road, Padivattom, Ernakulam,; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). For Grievances:[grievances@geojit.com](mailto:grievances@geojit.com). **Step 2:** If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in) **Step 3:** The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>

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