



IPO Note

Smartworks Coworking Spaces Limited

Recommendation: **APPLY!**

Business - Smartworks Coworking Spaces Limited provides office experience spaces and managed campus platform.

Objects of the Issue -

Particulars	Amount
Repayment of certain borrowings	Rs. 114.00 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	

Promoters Name - Neetish Sarada, Harsh Binani, Saumya Binani, NS Niketan LLP, SNS Infrarealty LLP and Aryadeep Realestates Private Limited

Promoter Share Holding Pattern	
Pre Issue 65.19%	Post Issue 58.24%

Rationale for recommendation -

Smartworks Coworking Spaces Limited, incorporated on Dec-17, 2015, operates India's largest managed workspace portfolio with significant operating history. The company's rental revenue is geographically concentrated, with Pune and Bengaluru contributing over 56% in FY25. It operates in an asset-intensive industry with fixed costs, making it more vulnerable during economic downturns compared to leaner business models. As of FY25, it is involved in 7 tax proceedings, 1 statutory or regulatory proceeding and 2 civil litigations, aggregating to Rs. 37.99 Cr. and has contingent liabilities of Rs. 1.49 Cr. The company's revenue grew by 46.10% in FY24 and 32.20% in FY25, driven by higher lease rentals due to increased capacity and occupancy. Its EBITDA margin remained strong in the range of 64%-71% between FY23-FY25, although PAT margin remained negative (-14.20% to -4.60%) due to high depreciation costs primarily related to leasehold improvements, electrical installations and fixtures. While RoCE improved from 2.72% in FY23 to 7.48% in FY25, and RoE from -321.13% to -58.56%, it still reports losses, raising concerns over its ability to generate returns for equity shareholders. Despite net losses primarily due to new accounting standards, the company has consistently generated positive operating cash flows, supported by non-cash adjustments such as depreciation and finance costs. The debt-to-equity ratio has improved due to lower borrowings and increased equity base. The company continues to incur losses mainly due to high depreciation from capital-intensive buildouts and finance costs, though both are expected to normalize as it scales. Management quality is satisfactory. The company is leveraging its strong occupancy and client retention rates, high industry growth and established clientele to target future profitability. The objective of debt repayment will reduce finance costs, while near-term capex for new centres may increase depreciation but support long-term margin improvement. Given its positive operating cash flows, high-margin EBITDA profile and long-term profitability potential, we recommend **APPLY** to this IPO while monitoring the company's path to net profitability.

IPO Details

Opening Date	Jul 10, 2025
Closing Date	Jul 14, 2025
Allotment Date	Jul 15, 2025
Listing Date	Jul 17, 2025
Stock Exchange	BSE, NSE
Lot Size	36 Shares
Issue Price Per Share	₹387 - ₹407
Issue Size	582.56 Cr.
Fresh Issue	445.00 Cr.
Offer for Sale	137.56 Cr.
Application Amt	₹14,652 - ₹1,90,476 (36 - 468 shares)

KPIs

(In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	711.39	1,039.36	1,374.06
EBITDA	456.68	733.42	892.88
Net Profit	-101.05	-49.96	-63.18
RoCE	2.72%	8.17%	7.48%
ROE	-321.13%	-99.90%	-58.56%
P/E	-38.51	-78.57	-65.86

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	-6.18	-5.54
BVPS	10.45	48.47
P/E	-65.86	-73.52
P/BV	38.93	8.40
Mkt Cap (In Cr)	4,199.82	4,645.19

*Annualized

Lead Managers -

- JM Financial Limited
- BOB Capital Markets Limited
- IIFL Capital Services Limited
- Kotak Mahindra Capital Company Limited

Registrar -

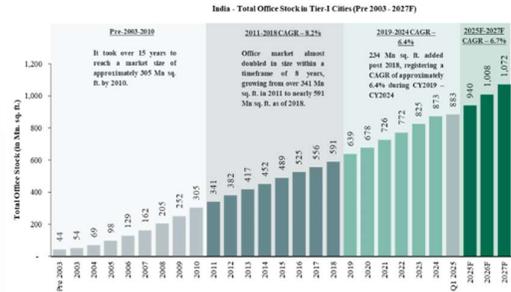
MUFG Intime India Private Limited

Industry Overview –

The flexible workspaces market in the APAC region continued to display stable growth in the last few years. As of June 2024, there were approximately over 3,000 flexible workspace centres in the region. Major industry sectors driving demand for flexible workspace include technology and business services followed by the finance sector.

India is one of the largest flexible workspaces markets in APAC with a total stock of over 72 Mn sq. ft as of H1 CY2024 in Tier 1 cities. In CY2023, capital inflows in real estate were led by development sites and built-up offices. Supported by relatively larger presence of investment grade projects, growing urban infrastructure, a diverse talent pool and overall market maturity, Tier 1 cities accounted for approximately 72% of the equity inflows. If the historical and prevailing trends continue, the office sector is expected to continue to be one of the leading beneficiaries of the total institutional inflows. The continued focus of the Indian Government on programs such as ‘Make in India (2014)’, ‘Startup India’ and ‘Atal Innovation Mission’ has assisted in fostering a supportive ecosystem for domestic enterprises.

Market Size - India’s commercial office stock stands at an estimated 883 Mn sq. ft. as at Q1 CY2025. It is concentrated in the top 9 cities comprising of Bengaluru, Mumbai Metropolitan Region ("MMR"), Hyderabad, Gurgaon, Chennai, Pune, Noida, Kolkata and Delhi in order of size of market. The approximate 883 Mn sq. ft. total stock is considered as organized stock and is purely utilized as office space. Out of the total stock, approximately 80% is non-SEZ stock i.e. 706 Mn sq. ft. and the remaining 20% (177 Mn sq. ft.) is classified as an SEZ stock.



Outlook - India’s flexible workspace market is set to surge — with supply expected to grow from ~80 mn sq ft in Dec-2024 to ~125 mn sq ft by Mar-2027 and market value nearly doubling to ~\$11.4 bn by 2030 at a ~14 % CAGR — as hybrid work trends, GCC expansion and startup growth drive long-term demand.

(source : RHP)

Business Overview -

Smartworks Coworking Spaces Limited provides office experience spaces and managed campus platform. They are the largest managed campus operator, amongst the benchmarked operators in terms of total stock, with a lease signed portfolio of 8.0 million square feet. The company lease entire/large, bare shell properties in prime locations and transform them into fully serviced, aesthetically pleasing and tech-enabled campuses with daily-life and aspirational amenities. The company was originally incorporated as ‘Smart Work Business Centre Private Limited’ on Dec 17, 2015.

Clients – Google, Concentrix, Mahindra Logistics, Groww, EY, MakeMyTrip, ShareChat, Nothing, Philips, Ferrero and others

Current Locations – Global Technology Park (Bellandur), Vaishnavi Tech Park (Sarjapur Road), Golden Millenium (Millers Road), Prestige Zeenath (Richmond Road) and others



- The company also offers value-added services through revenue sharing arrangement with service partners like cafeterias, sport zones, gymnasiums, medical centres and smart convenience stores.
- The company has 50 centres in 15 cities such as Bangalore, Pune, Hyderabad and others with 203,118 capacity seats as of Mar 31, 2025 and has been increased to 54 centres and 231,548 seats as of Jun 30, 2025.
- The company has committed occupancy rate of 89.03% and seats retention rate of 86.83%.
- The company’s majority of rental revenue is from Information technology, technology and software development sector, contributing 40.05%, 43.51% and 42.28% in FY23, FY24 and FY25 of total revenue respectively.
- The company’s 81.22% of SBA is occupied by non-institutions as of Mar-2025.
- The company operates in a rapidly growing market that witnessed significant expansion post-COVID; although the segment is fragmented and highly competitive, the company is well-positioned to capitalize on the industry’s overall growth trajectory.

Business Strategies -

- The company aims to scale pan-India managed workspace portfolio by leveraging market leadership and rising demand for flexible, multi-city offices driven by the core+flex strategy and evolving occupier preferences.
- The company aims to boost capital efficiency and reduce risk by expanding into asset-light variable rental and management contract models.
- The company aims to scale high-margin revenue streams like value-added services and fit-out-as-a-service by leveraging large client base, design expertise and service partnerships.

FINANCIAL SNAPSHOT							
Key Performance Indicators			Key Ratios				
(Amt in Crores)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement			Per Share Data				
Total Income	744.07	1,113.11	1,409.67	Diluted EPS	-10.57	-5.18	-6.18
Total Expenses	880.30	1,180.73	1,489.13	BV per share	4.05	6.33	10.45
EBITDA	456.68	733.42	892.88	Operating Ratios			
EBIT	100.43	260.70	256.88	EBITDA Margins	64.19%	70.56%	64.98%
PBT	-136.23	-67.62	-79.46	PAT Margins	-14.20%	-4.81%	-4.60%
Tax Expenses	-35.18	-17.67	-16.28	Inventory days	-	-	-
Net Profit	-101.05	-49.96	-63.18	Debtor days	7.37	4.96	6.80
Balance Sheet			Creditor days				
Total Equity	31.47	50.01	107.88	358.57	226.65	159.89	
Liabilities			Return Ratios				
Non-Current Liabilities	3,660.33	3,142.07	3,326.35	RoCE	2.72%	8.17%	7.48%
Current Liabilities	781.70	955.00	1,216.62	RoE	-321.13%	-99.90%	-58.56%
Total Liabilities	4,442.04	4,097.08	4,542.97	Valuation Ratios (x)			
Assets			EV/EBITDA				
Non-Current Assets	4,112.57	3,881.93	4,395.60	Market Cap/Sales	0.75	0.58	0.49
Current Assets	360.94	265.16	255.26	P/E	4.44	3.09	3.06
Total Assets	4,473.50	4,147.08	4,650.85	Price to Book Value	-38.51	-78.57	-65.86
Cashflow Statement			Price to Book Value				
Operating Cashflow	531.83	743.30	928.52	100.49	64.31	38.93	
Investing Cashflow	-306.63	-192.16	-276.08	Solvency Ratios			
Financing Cashflow	-170.58	-577.18	-637.71	Debt/Equity	16.38	8.55	3.69
			Current Ratio				
			Quick Ratio				
			Asset Turnover				
			Interest Coverage Ratio				

Financial Analysis -

- **Revenue from Operations** – The company’s top line increased by 46.10% in FY24 and 32.20% in FY25 was due to increase in lease rentals primarily due to increase in capacity seats and occupancy rate.
- **EBITDA and PAT Margins** – The company’s EBITDA margin remained strong in the range of 64% to 71% from FY23 to FY25 but PAT margin was significantly lower, ranging from -14.20% to -4.60% during the same period, primarily due to high depreciation expenses arising from substantial investments in leasehold improvements, electrical installations/equipment and furniture and fixtures.
- **RoCE and RoE** – The company’s RoCE has improved from 2.72% in FY23 to 7.48% in FY25 and RoE has risen from -321.13% to -58.56% over the same period; however, it continues to deliver negative returns to equity investors due to sustained losses at the net profit level.
- **Operating cashflow** – The company has generated positive operating cash flows over the years despite reporting losses, primarily due to adjustments for non-cash expense (depreciation) and finance costs adjustment.
- **D/E ratio** The company has progressively reduced its debt-to-equity (D/E) ratio over the years by lowering its borrowings while proportionately increasing its equity base.
- **Net profit** – The company has remained consistently loss-making over the years, primarily due to high depreciation expenses and finance costs, raising concerns over its inability to achieve profitability despite having a considerable track record of operating experience.

Lead Manager -

The IPO is handled by 4 lead managers. The lead managers have managed 88 IPOs in last 3 years, among them 66 IPOs have opened in premium, 7 IPOs have opened at par and 15 IPO have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company's revenue is concentrated in Pune and Bengaluru, together contributing 53.17%, 56.62% and 56.23% of total rental revenue in FY23, FY24 and FY25 respectively.
- The company incurs certain fixed expenses which during an economic downturn, can significantly impact its performance, making it more vulnerable compared to businesses in less asset-intensive industries.
- The company has 7 tax proceedings, 1 statutory or regulatory proceedings and 2 civil litigations, together amounting to Rs. 37.99 Cr.
- The company has contingent liabilities, amounting to Rs. 1.49 Cr.

Key Management

- Atul Gautam is the Chairman and Non-Executive Director of the company. He has around 42 years of experience in the field of banking and financial sector.
- Neetish Sarda is the Managing Director of the company. He has over 9 years of experience in the field of flexible workspaces.
- Harsh Binani is an Executive Director of the company. He has around 14 years of experience in management consulting and flexible workspace industry.
- The company's Non-Executive and Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) has significant educational background (CA, CS and CFA Level 2 cleared) and considerable amount of experience
- The company's other key managerial personnel and senior management also have significant experience in their respective fields..

Outlook – The overall management of the company is considered **satisfactory**.

Peer Analysis

Particulars	Smartworks Coworking Spaces Limited			Awfis Space Solutions Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	-14.20%	-4.81%	-4.60%	-8.24%	-2.01%	5.28%
EBITDA Margin	64.19%	70.56%	64.98%	31.12%	31.02%	37.38%
RoCE	2.72%	8.17%	7.48%	4.01%	8.01%	11.51%
ROE	-321.13%	-99.90%	-58.56%	-27.53%	-6.99%	14.78%
EPS (INR)	-10.57	-5.18	-6.18	-15.47	-7.10	9.75
P/E	-38.51	-78.57	-65.86	-	-	66.21

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